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NEWS SUMMARY

GENERAL

H-block hunger strike starts

Seven Republican prisoners in the Maze Prison, Belfast, starte da hunger strike after the *Roman Catholic church's* attempts to dissuade them failed.

The men are among about 370 *refusing* to wear prison clothing in *support* of their demand for political status. Page 7

A three-man delegation of speakers started a European tour to publicise the prisoners' demands with a Press conference in Paris.

Coup plot claim

Zambian forces averted a South African-backed attempted coup, President Kaunda claimed. Back Page

Financial Times editor

Mr. M. H. Fisher, who has been Editor of the Financial Times since 1973, is relinquishing this appointment on January 1, 1981. He will, however, retain a link with the Financial Times by continuing as a director of its parent company, Pearson Longman. Mr. Fisher is joining S. G. Warburg and Co. and will be appointed a director on that date. The new Editor of the Financial Times will be Mr. Geoffrey Owen, who is currently Deputy Editor.

Hostage delay

The Iranian Parliament adjourned until tomorrow its debate on concessions it would demand from the U.S. in return for releasing the 52 hostages. Page 4

Tekere plea

A British lawyer acting for Zimbabwe Manpower Minister Edgar Tekere said the minister should be discharged as he had acted lawfully in suppressing terrorism. Page 4

Junta powers

Turkey's military junta declared that all decisions it made would be constitutional. Page 3

N-cloud drifts

A radioactive cloud from China's nuclear test two weeks ago has reached Sweden, the defence research institute there said.

Barnett robbery

Thieves stole £6,000 worth of silver from the late Lady Barnett's home. The family discovered the loss on returning from a memorial service.

Teacher fights on

Nursery teacher Eileen Crosbie lost her claim for unfair dismissal for refusing to teach a class of 40. Her union will *continue seeking reinstatement.*

Donor 'alarm'

The BBC is to screen a second *Panorama programme on organ* transplants after claims that the first may have deterred donors.

Flood alert

Floods brought chaos to North Wales as three major rivers overflowed. Police also issued flood warnings in Cheshire, Lancashire and on the south coast.

Briefly . . .

Doris Archer was *"found dead"* in last night's episode of The Archers.

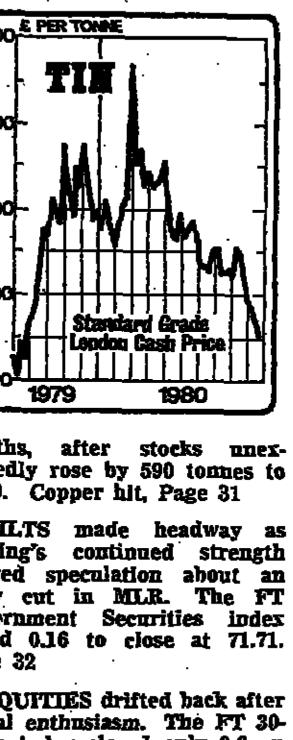
Beer strengths are to appear on packaging and pub price lists. Page 7

World's biggest onion was grown by Scottish farmworker Bob Rodger.

BUSINESS

Tin at lowest for 14 months

● CASH TIN PRICES closed *£60 down at £6,755 a tonne, their* lowest level for nearly 14



months, after stocks unexpectedly rose by 590 tonnes to 4,110. Copper hit, Page 31

● GILTS made headway as sterling's continued strength buoyed speculation about an early cut in MLR. The FT Government Securities index added 0.16 to close at 71.71. Page 32

● EQUITIES drifted back after *initial enthusiasm.* The FT 30-share index closed only 0.6 up at 496.1. But the FT-Actuaries All-Share index reached a fresh high of 307.18, a gain of 0.7.

● DOLLAR strengthened, leading to Bundesbank intervention. It closed at DM 1.8795 (DM 1.8660). Its trade-weighted index rose to 85.1 (84.7). Page 27

● STERLING fell 25 points to finish at $2.4375. Its index was unchanged at 78.9. Page 27

● GOLD rose $3 in London, closing at $635.5. Page 27

● WALL STREET was down 7.34 at 936.26 near the close. Page 29

● WEST GERMANY'S gross national product will have zero growth next year, say the country's five economic research instiutes. Back Page

● BRAZIL is having talks with Citibank and Goldman Sachs with a view to Petrobas, its state oil concern, tapping the U.S. commercial paper market. Back Page

● ECONOMIC CASE for a cut in MLR is "now compelling," says stockbrokers L. Messel. Page 10

● CHEMICAL INDUSTRY is "gravely threatened" by sterling's strength and high energy costs, the Chancellor was told. Page 7

● EEC COMMISSION President Roy Jenkins will try to persuade Mrs. Thatcher that full EMS membership is the best way to curb sterling's growth. Page 3

● JAPAN'S special trade representative, Saburo Okita, expects his Government to respond "positively" before November 25 to negotiations to help cut Japan's trade surplus with the EEC, estimated this year at $10bn (£4.1bn).

● COMECON is to continue talks with the EEC on a trade and economic relations agreement. Page 5

● FUJITSU, Japanese manufacturer of mainframe computers and other telecommunications equipment, lifted six-month net profits by 34.4 per cent to *Y8.41bn (£16.58m). Page 26*

● GRUNDIG, West German consumer electronics concern, saw 1979-80 net profits drop *from DM 95.5m* to DM 33.6m (£7.3m) because of increasing Japanese competition. Page 25

● TERN-CONSULATE, maker *of shirts,* ties and knitwear, is omitting its interim dividend as pre-tax profits are sharply down at £32,849 (£204,777). Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 7¾% 2021-15	£69¾	+ ¾
Anglo-Amer. Inv.	141	+ 15
BPC	22	+ 3
Bejam	111	+ 9
Brotherhood (P.)	140	+ 14
Bryant Hldgs.	93xd	+ 5½
Electrocomponents	780	+ 25
Eng. Assoc.	545	+ 30
Evode	53	+ 4
Finlan (J.)	95xd	+ 6½
Fisons	210	+ 10
GRE	362	+ 12
Giltspur	112	+ 8
Goldman (H.)	35	+ 10
Grindlays Hldgs.	170	+ 15
Hambros	662	+ 36
Horizon Travel	358	+ 10
Lee Cooper	152	+ 10
Lyle Shipping	295	+ 10
Midland Bank	350	+ 8
Mining Supplies	130	+ 7
Polly Peck	146	+ 9
Powell Duffryn	258	+ 13
Reed Int.	192	+ 7
Rush & Tompkins	228	+ 10
Savoy A	133	+ 7
Tate and Lyle	160xd	+ 6
Wagon Finance	47	+ 5
Attock	354	+ 20
Camb. Petroleum	380	+ 40
Ultramar	478	+ 18
Blyvoor	£10¾	+ 1¾
East Driefontein	£16¾	+ 1¾
ERGO	645	+ 53
East Rand Prop.	£14¾	+ 1¾
Kitchener Mining	370	+ 42
West Driefontein	£44	+ 3½
FALLS		
Sony	575	− 40
Tern-Consulate	34	− 4
Tronoh	430	− 30

Civil Service unions angered by pay agreement suspension

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday announced the suspension for *this year of the pay agreement* covering 550,000 white-collar civil servants. In a furious reaction, union leaders immediately warned that the move would result in "inevitable" industrial disruption.

Earlier, the unions refused to attend a meeting with Lord Soames, Lord President of the Council and the Minister with day-to-day responsibility for the Civil Service, to be told of the suspension.

The unions have already drawn up contingency plans for industrial action over pay this year and have set aside more than £2m to fund any dispute.

The aim of the suspension is to stop the findings of the Civil Service Pay Research Unit being delivered to the unions. *Each year the unit shows the* rises due to civil servants based on comparisons with outside employees.

The reports will suggest pay settlement much higher than the amount which will be provided for pay in the forthcoming cash limits for the Civil Service.

Union leaders said the reports were bound to show that increases of 17 to 18 per cent were due for middle-ranking civil servants.

Minister were anxious to avoid presenting the unions wit hsuch an effective negotiating weapon, but withholding the research unitn's reports was found to be technically difficult unless the full agreement was suspended.

The unions warned thay *would take legal advice on the* decision and might well challengs it in the courts.

The snspension of the agreement, which effectively ends at *least for this year the operation* in the public sector of the principle of comparability, will allow the Government to make a single-figure pay offer in the spring.

The offer could be reduced still further if the present Government inquiry on index-linked pensions recommends that civil servants make a greater contribution towards benefits.

Lord Soames said in a letter *to the unions that he regretted* the suspension, but added: "The Government is convinced of the paramount importance of restrained pay settlements generally in this round."

He said later that there had been a number of recent private sector settlements in single figures "and the public sector must play its part in this."

Leaders of all nine civil service unions will meet today to consider their response.

Mr. Bill Kendall, secretary-general of the all-union Council of Civil Service Unions, said yesterday that the unions would "organise for the inevitable industrial disruptions during the early part of next year."

Mr. Kendall said he had "desperately" attempted to co-operate with the Government, *but this approach had* failed. The service's pay system was designed to take it out of politics, but the suspension meant civil servants would now go back into the political arena.

"We have no alternative. I shall campaign for the defeat of this stupid administration," he said.

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, which spearheaded industrial action *over pay two years ago causing* considerable disruption to Government and business cash flow, said the decision would make industrial action by his members "far more likely."

Comparability abandoned, Page 12

Whitelaw seeks new powers on prisons

By Richard Evans and Nick Garnett

THE GOVERNMENT will rush emergency legislation through the Commons today to deal with the crisis in Britain's prisons caused by the prison officers' dispute.

Mr. William Whitelaw, Home Secretary, told MPs yesterday *sweeping powers were required* urgently as the available prison accommodation was approaching the limit and the police were coming under increasing strain.

A new high security prison at *Frankland, near Durham, will* be brought into use immediately, although it has not been completed, and military camps will be used as prison accommoda*tion if necessary.*

Frankland will have a governor, assistant governors and specialist staff from the prison service and a police presence "to assist with security, but otherwise it will be manned by servicemen."

The Imprisonment (Temporary Powers) Bill, which will be rushed through the Commons today, and then go straight to the Lords, will contain wide-ranging temporary powers, *including:*

● The provision of places, other than prisons, for the detention of prisoners.

● Suspension of the requirement that remand prisoners should be produced regularly before the courts.

● Powers for the temporary *release of selected prisoners* who have been remanded in custody for trial or sentence.

● The early release of prisoners nearing the end of their sentences.

In addition, Mr. Whitelaw is to ask for a provision to restrict magistrates' courts from committing people to prison for crimes, such as non-payment of fines or rates.

The Home Office said yesterday that more than 3,200 pri*soners were being held in police* cells rather than normal prison units as a result of industrial action by the Prison Officers Association over allowances for meal breaks.

The action, which varies in the level of disruption among the 125 prisons in England and *Wales, involves refusal to allow* in contractors, halting of laundry services, delays in unlocking prisoners for meals and the shutting down of some workshops.

The executive of the union is meeting today and will discuss the new legislation which drew an immediate and angry response from union officials.

Mr. Colin Steel, the union's national chairman said: "It can only make it worse. I am

Continued on Back Page
Parliament, Page 13

Howe wants 6-10% public sector limit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLIC-SECTOR WAGE increases in the coming pay round ought to be between 6 and 10 per cent in line with the money-supply target for 1981-82 outlined in the medium term financial strategy, Sir Geoffrey Howe, the Chancellor, indicated last night.

During a two-hour hearing *with the all-party Treasury and Civil Service Committee of the* Commons, he stressed that public-sector pay increases ought to be "significantly lower" than in the past year.

He noted that decisions had not been taken about next year's cash limits, but agreed with the suggestion of one MP that public-sector pay settlements within the 6 to 10 per cent range of the monetary target was the "right sort of band to be looking at."

Advantages

Sir Geoffrey stressed the advantages which *smaller* public-sector wages rises would have, both in fighting inflation and in containing public-sector borrowing.

The session with the Treasury Committee covered a wide range of topics, and was generally less heated and more constructive than earlier sessions with the Chancellor.

Sir Geoffrey was, however, studiously non-committal in his remarks about the series of *major decisions on monetary* targets, public spending, and possible changes in techinques of monetary control which have to be taken in the next month or two.

It is clear from the present public spending exercise in Whitehall that the Treasury is keen to offset at least part of the rise in public sector borrowing caused by therecession. There is therefore unlikely to be a full cyclical adjustment for *its recession, even if the level* of borrowing rises above the figure implied in the medium-term strategy.

Questioned about the outlook for the second half of this year, he said that he hoped that public-sector borrowing would come back into line with the *profile. He was doubtful about* the desirability of taking fiscal action at present.

Sir Geoffrey was also questioned about the current review of monetary control, about which he gave no clues, and about the roll-over next month of the monetary target, about which he was equally opaque.

A number of MPs raised the issue of the strength of the pound, but Sir Geoffrey stressed that the present exchange rate was "the product of the balance of supply and demand in the market, and not one we have sought as a matter of policy.

"We do not have the option of managing the rate at some desired level, and if we tried to do so by massive intervention and other means we would add to the money supply and to inflation."

He was confident about the prospects for reduction in the rate of monetary growth and in the level of public-sector borrowing in the rest of the financial year, but was careful to leave open the possibility of *a rise in borrowing in response* to the recession.

In an opening statement he noted that the Treasury had tentatively suggested that "the underlying growth rate of Sterling M3 during the six months to September may have been about 1½ per cent per month, or as much as 19 per cent at an annual rate."

The Chancellor added that there were "fortunately good reasons to expect that such a *growth rate should not continue* for the second half of the target period."

In particular he cited the expectation that public-sector borrowing should be much smaller in the rest of 1980-1981 than in the past six months, and that private-sector borrowing should moderate as growth in incomes and prices slowed.

One MP asked him about estimates by the Treasury committee's special advisers that *borrowing this year would be* £10bn to £10.5bn, compared with a forecast level of £8.5bn, and might rise to £14bn in 1981-82.

He carefully avoided commenting on these remarks, though he conceded that the level of borrowing would vary depending on the economic cycle.

He implied that therefore some fluctuation in borrowing might be permitted, and stressed that the borrowing figures in the *medium-term strategy* were not a planned path but illustrative.

The session was packed, and attended by at least a dozen MPs, including Mr. Norman St. John Stevas, Chancellor of the Duchy of Lancaster, who appeared as interested as the committee members in how Sir Geoffrey would explain the Government's economic strategy in face of the rise in unemployment and squeeze on industry.

Chemical chiefs urge MLR cut, Page 7

£ in New York

—	Oct. 24	previous
Spot	$2.4420-4440	$2.4530-4540
1 month	0.56-0.51 dis	0.64-0.59 dis
3 months	1.35-1.30 dis	1.47-1.42 dis
12 months	2.00-1.85 dis	2.35-2.20 dis

Oil supply glut disappears as Saudis cut production

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA is limiting its oil output to a maximum of 10m barrels a day, rather than the 10.4m it maintained during the first two weeks of October, according to oil company executives.

The Saudi authorities joined Kuwait, the United Arab Emirates and Qatar in agreeing to raise production after the loss of 4m b/d to world oil supplies because of the war between Iran and Iraq.

But the latest reduction in output more than eliminates the pre-war surplus in supplies, estimated at the beginning of September at up to 2.5m b/d. Stocks, which were at a record level of more than 100 days supply two months ago, are being drawn down.

The four partners operating the fields of the Arabian American Oil Company—Exxon, Standard Oil of California, Texaco and Mobil—have been notified of the Saudi decision not to pump oil at a rate of more than 10m b/d.

No reason has been given for the 10mb/d ceiling. It is believed tthat a level of 10.4m b/d could be sustained without creating technical problems or affecting adversely the life of the producing fields.

The key factor may be the widespread opposition within the kingdom, not least among some senior princes and leading technocrats, to a sustained rate of output far higher than the country requires to meet its financial needs.

In addition to Saudi Arabia's 10m b/d ceiling Kuwait has indicated its willingness to increase output by some *500,000 b/d above the pre-war* level, the United Arab Emirates by 50,000 b/d and Qatar by 20,000 b/d.

Meanwhile, Venezuela has proposed an extraordinary conference of the Organisation of Petroleum Exporting Countries to discuss overall production levels and pricing.

Sen. Humberto Calderon Berti, Venezuelan Minister of Energy, is understood to have *sent messages to the other 12* member states suggesting an emergency meeting before the next ordinary conference, which is scheduled to begin in Bali, Indonesia, on December 15.

Contract price of naphtha down, Page 7
Iran adjourns hostage debate, Page 4

Plessey wins £150m contract for defence communications

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE MINISTRY *of Defence* yesterday awarded a £150m defence contract for military communications equipment to Plessey although the Government's moratorium on new defence contracts is still in force.

The contract is for the production of the Ptarmigan battlefield communications system, involving mobile electronic telephone exchanges and radio relays.

The work will create over 400 jobs at Plessey and including Standard Telephone and aCses, Marconi and BICC. Plessey has been workin gon the design for *seven years.*

General Sir Hugh Beach, master general of theordance, said the contract was offered to Plessey before the moratorium was announced by Mr. Francis Pym, defence secretary, on August 8 'initially for a period of three months."

Mr. Pym said at the time the moratorium would apply to "new defence contracts, save for a few essential exceptions."

Mr. Pym is to give MPs a written statement today about the moratorium in response to a question from Mr. Patrick Wall, Conservative MP for Haltemprice, about "the damage caused to defence industries."

However, Sir Hugh said yesterday the Ministry of *Defence was now* "ready at the point of signature with the Plessey contract, moratorium or no moratorium."

The contract was binding on both sides and included penalty clauses in case either side should default on the agreement, he said.

Plessey is the prime contractor for the work. But it will be responsible for only half of the £150m of work by value over the next four years of the programme to re-equip the British Army and the Royal Air Force in Germany with the new all-British designed and produced Ptarmigan system.

The balance of the work, worth £75m, will be shared by *a number of sub-contractors* drawn from Britain's electronics industry.

These include Standard Telephones and Cables, wich is expected to provide about 200 of the new jobs at its factories at Paignton and Greenwich as well as more work for its *Basildon works.*

Marconi Space and Defence Systems, BICC General Cables, Marshall of Cambridge (Engineering), Airtech and Membrain of Ferndown, Dorset, are also involved.

Sir John Clark, the chairman and chief executive of Plessey said in London yesterday that the contract was "good news for Britain's electronics industry."

The contract brought Plessey's *total* order book to £1.2bn.

However, Plessey's shares fell 4p by the close of business yesterday, but at 266p were still 16p up on last *Monday* when the shares started to rise.

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EUROPEAN NEWS

Hungary in search of new Marxist answers

Paul Lendvai recently visited Budapest where he interviewed Mr. Gyoergy Aczel, right, Hungary's chief ideologue, a Vice-Premier and a member of the 13-strong Politburo. The Hungarian leadership has recently reaffirmed its commitment to economic reform, as Mr. Aczel explained.

IN THE MIDST of Poland's political crisis, Mr. Janos Kadar, the Hungarian Communist Party leader, has reaffirmed the Hungarian leadership's commitment to economic reform.

He told the management and workers at the Raba motor plant in Gyoer recently that he favoured linking earnings and efficiency, redeploying labour, and seeking a "courageous solution" to the ills plaguing an over-extended economy.

The visit to Gyoer is one example of the mixture of candour, flexibility and political flair with which the Hungarian leadership has managed to cope so far with the potentially dangerous effects of economic stagnation at home and tensions in Poland. In July last year, the Hungarian Government raised prices much more radically and comprehensively than the Poles attempted to do in 1976 and this year. Yet no serious industrial unrest broke out then, nor does the visitor feel a mood of rebellion in Budapest today, although real wages have at best stagnated for the past two years and, among higher-income categories, have dropped.

What then is the key to what observers call "the Hungarian model"? Mr. Gyoergy Aczel, Vice-Premier and one of the most influential members of the 13-strong Politburo, flatly rejected this term as "incorrect" in an interview with the Financial Times. The 63-year-old chief ideologue is willing to accept only "a Hungarian method" or, even more cautiously, "a Hungarian answer to the Hungarian realities." He affirmed the regime's unwavering loyalty to the Soviet Union.

Nevertheless, Hungary's appreciation of the crisis in Poland is markedly different from the stringent criticism in some other "fraternal" countries. The Hungarian leaders, from Mr. Kadar to Mr. Sondor Gaspar, the union chief, have scrupulously refrained from criticising Poland's internal affairs. Mr. Aczel also expressed the hope that "the Polish people alone will be able to settle their problems" and "find a correct Socialist solution." As far as Hungarian politicians are concerned, they have always sought "to learn both from the good and bad experiences abroad and at home. We must not regard the people as an object for experimentation but seek always a consensus with them," Mr. Aczel emphasised. He also referred to the lessons of "the very grave conflict in October 1956." But the memory of the Hungarian uprising, which in 13 days replaced the Communist dictatorship with a *multi-party system* and provoked massive Soviet intervention, is not the only explanation.

Mr. Aczel, like the party leader himself, spent five years in prison ("exactly 1,868 days") in the dark days of Stalinism. Such men and their collaborators have learned from bitter experience the disastrous consequences of rule by dictators. The Vice-Premier stressed that the leadership must be "always dissatisfied" and reassess "continuously its style and methods" to remain in tune with the public.

Mr. Aczel mentioned "the autonomous activity of the unions" and "the co-operation of the mass movements with the Church" as important factors within "the system of Socialist democracy." Hungary was "historically lucky" to have found such a leader as the 68-year-old Mr. Kadar, whose "most important characteristic is the ability to learn from history, to recognise the demands of realities and to achieve a consensus in a diverse society." He added that there is no personality cult in Hungary. Oberservers agree that the simple living and integrity of such men as Mr. Kadar and Mr. Aczel have contributed to the party's prestige.

The vice premier, for example, has lived since 1957 in the same three-room flat in a block overlooking the Danube, despite his high office. For Mr. Aczel, no subjects are taboo. Thus, it is no secret that cabinet ministers earn only some Forints 14,000 a month (some £260 at the tourist rate), or about double what a well-paid skilled worker takes home. He does not deny there are cases of corrupt or arbitrary leading officials. But the particularly critical attention the public pays to office-holders, the upward mobility, and the moral and legal order should block "the emergence of a layer of alienated mandarins," Mr. Aczel said.

The vice-premier emphasised that Hungary's largest problem remains how to strike a correct balance between profit-oriented efficiency and the demands of social justice and equality. How to differentiate incomes within and between state enterprises, how to weed out inefficient producers and replace incompetent officials without violating the principles of socialist humanism and causing social tensions? Mr. Aczel admitted no solutions to such problems had yet been found. He added: "Our ideal is Lenin, who sought to find a new Marxist answer to every question and was not satisfied with quoting Marxism."

While reiterating that the Hungarian party was "fully autonomous" in its policies, Mr. Aczel, close adviser of Mr. Kadar, also made it clear that the reforms should broaden initiative from below and improve the electoral system ("still more of a plebiscite than a choice") without leading to party pluralism or Polish-type "independent free unions." The party should guide and control but not command. What is important in the Hungarian view is that the unions and other bodies "really function as protectors of the legitimate interests of the working people."

Except for cases of rowdiness or incitement there are no political prisoners and no censorship of the media, Mr. Aczel claimed. He also denied rumours about a secret "black list" of 184 intellectuals who last year signed a petition in favour of jailed Czechoslovak human rights activists. None have been jailed, but dissidents nevertheless maintain that quite a few active opposition intellectuals had lost their jobs or that their contracts with publishers and institutes had been abruptly terminated.

Mr. Kadar said recently in Parliament that there would be no "hardening" in internal policy. The free-wheeling, five-hour conversation with Mr. Gyoergy Aczel, who is not only in charge of ideology and culture but also of matters pertaining to the churches and youth, confirmed the impression that Hungary remains on a cautious reformist course both in economics and politics.

Italian police probe alleges £980m petroleum tax fraud

BY RUPERT CORNWELL IN ROME

POLICE AND magistrates in Northern Italy are investigating alleged widespread fraud involving unpaid taxes on various petroleum products, which may have cost the Italian exchequer up to Lire 2,000bn (£980m) in lost revenue during the 1970s.

Almost 90 people have been arrested, the most celebrated of whom is General Raffaele Giudice, who was between 1974 and 1978 head of the Guardia di Finanza, the country's oldest established police force, specialising in tax and customs controls.

General Giudice is in jail in Turin, on charges of belonging to a criminal association, smuggling, forgery and corruption. Others in custody include leading figures in the oil industry, spread across almost the entire northern industrial heartland of the country, from Turin to Venice.

Last week, Turin magistrates also interrogated Sig. Eugenio Cefis, the former President of both ENI, the state-owned energy agency and subsequently of the Montedison chemicals group. This week it will be the turn of his successor at ENI, Sig. Raffaele Girotti.

Suspicions of irregularities to defraud the state of revenue were aroused two years ago, when magistrates uncovered illicit trading by oil products dealers in Treviso, 20 miles north of the major Venice refinery centre of Porto Marghera.

Investigations suggest that the practice may have been taking place on a huge scale and magistrates are not concealing their belief that the affair has political connotations, with some of the money being channelled back into various parties.

A variety of methods appear to have been used for the operation. Diesel oil is understood to have been illegally diverted to the vehicle rather than the home heating market, where taxes were higher, while in other cases ordinary filling station petrol, which carries a high duty, left depots untaxed and accompanied by false documents, sometimes with the connivance of local Guardia di Finanza officials.

Magistrates also plan to interrogate executives of several other oil groups operating in Italy, and which were suppliers of the traders thus far allegedly involved in the affair.

At the same time, Sig. Franco Reviglio, the Finance Minister, is under pressure to make a full Parliamentary statement on what if confirmed, would be, in money terms, one of Italy's largest post-war scandals.

Moscow asks allies to help boost Soviet oil output

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION is asking its Comecon allies to help improve low productivity in its oilfields after previous contacts with Western oil companies failed to lead to firm agreements.

A meeting of Comecon's Oil and Gas Commission in Bratislava, Czechoslovakia, decided that the member countries are to use "more advanced technologies" to increase the level of recovery of oil wells, nearly all of which lie in the Soviet Union.

Romania is the only other oil producer in Comecon and its oil equipment industry may now be called upon to provide technology and equipment to aid the Soviet oil industry in return for Soviet oil develiveries.

In 1976 Moscow signed an agreement on technological co-operation with British Petroleum encompassing the modernisation of refineries, secondary and tertiary recovery of oil as well as offshore oil exploration in the Caspian Sea. Despite lengthy negotiations, however, no deals came out of the framework accord. Moreover, much of the latest oil recovery technology which the West might provide to the Soviet Union is of U.S. origin and would presumably be banned for export to Moscow because of its strategic importance.

The Soviet Union has now called on its Comecon allies to provide the necessary technology to build refineries capable of extracting the largest amount of products while also assigning each country specific tasks in the design and construction of plant

Comecon's Oil and Gas Commission also passed a resolution saying the level of recovery of oil and gas fields is to be raised and that natural gas is to be used more effectively as a fuel. Protocols were also signed on joint co-ordination in oil and natural gas exploration.

Turkey cuts inflation rate by 46%

By Metin Munir in Ankara

THE TURKISH Government is winning its battle against inflation, which is the highest in Europe.

The rate of inflation, as measured by the wholesale price index moved by 18.6 per cent in the seven-month March-September period this year compared to 34.4 per cent last year, according to figures of the Ministry of Commerce. The drop was nearly 46 per cent.

The Government expects the rate of inflation to increase slightly in the winter owing to seasonal factors, but to be half of last year when inflation was about 100 per cent.

While impressive, the drop in inflation has been achieved at the cost of deepening the economic stagnation and increasing unemployment.

The Government's restrictive monetary measures have dampened demand, putting many marginal companies out of business.

Mr. Turgut Ozal, the Deputy Prime Minister and chief economic planner, has said that despite its side effects the measures taken to fight inflation would not be relaxed.

Malta switches to coal power

By Godfrey Grima in Valetta

MALTA IS to cut the use of fuel oil by introducing coal fired furnaces at the island's power plant, Mr. Wistin Abela, the Energy Minister, told Parliament. He said Enemalta, the island's state energy corporation, has already purchased two coal fired boilers at a cost of M£4m (£5m). These are expected to come on stream in 1982.

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Another U.S. company to join oil hunt in Portugal

BY DIANA SMITH IN LISBON

THE LIGHT chemical subsidiary of the Union Texas Petroleum Corporation has become the latest foreign concern to investigate Portugal's oil potential.

Under a $7.6m (£3.1m) contract signed this week by Union Texas and the Portuguese Ministry of Industry and Energy, the U.S. company will invest $1.6m in 24 months of geo-seismic surveys, and $6m in two probes over a further 24-month period should surveys prove incouraging.

Union Texas has been granted three areas totalling 2,500 sq kilometres in the onshore region of Tomar, Leiria and Alcobaca, north of Lisbon. If the probes are successful, the company will receive concession rights.

A similar risk contract, covering 1,500 sq kilometres in deep waters off the coast of the Algarve near the Spanish border, was recently granted to Exxon. This area is particularly interesting as geological conditions resemble those of Spanish waters, where substantial natural gas reserves have been found.

More than 10 years of onshore and offshore investigations by the big foreign oil concerns and Portugal's national oil corporation, Petrogal, have not yielded encouraging results, but the companies are still hopeful. Meanwhile, Portugal is absolutely dependent on imports

With the Iraq-Iran conflict, the position has become even more delicate. In 1979, 8.47m tonnes of crude were imported, with Iraq supplying 35 per cent and Iran 19.9 per cent. This year, Iraq's share will be 45 per cent, and Saudi Arabia providing 15 per cent.

With stocks for 120 days, Portugal is reasonably comfortable in the short term. Thereafter it is likely to depend on increased Saudi Arabian capacity and the outcome of discreet diplomatic approaches being made to other Arab nations, in the hope of compensating for the effects of the Iraq-Iran hostilities.

Norway police to search for Kielland rig bodies

BY FAY GJESTER IN OSLO

NORWEGIAN police are to search for bodies aboard the wrecked North Sea hotel rig Alexander Kielland, as soon as the capsized rig has been righted.

The disclosure that a 21 man police team would conduct the search — and would only allow people on board with a police escort — was made at a Press conference in Stavanger yesterday as work was about to begin on righting the rig.

Apart from the police, the first people aboard will be members of the commission of enquiry into last March's disaster, which cost 123 lives.

The start of righting operations has several times been delayed while divers have adjusted the computer-controlled equipment designed to rotate the capsized rig through 180 degrees by changing the buoyancy in different sections of the rig.

The commission's report is almost complete and only awaits the addition of any further evidence which may emerge from an inspection of the righted rig.

Switzerland budgets for deficit of SwFr1.17bn

THE SWISS Government has budgeted a deficit of SwFr 1.17bn (£300m) for the federal exchequer next year. This will bring the federal debt up to SwFr 11.6bn (£2.97bn) and annual debt servicing to SwFr 975m (£250m), writes John Wicks in Zurich. A revised finance plan presented at the same time as the budget estimate shows further annual deficits in the region of SwFr 1.1bn-1.2bn for the years 1982 and 1983.

Next year's deficit is some SwFr 114m smaller than that foreseen for 1980. This is due, however, to plans to increase fiscal income by about SwFr 100m and cut government spending by SwFr 600m.

Further savings measures are included in a motion to form the subject of a national referendum on November 30. The Federal Council is also intending to pass a decision this week on such new taxes as those on banks' fiduciary business and on energy sources.

Promotion for Soviet veteran

Mr. Ivan Arkhipov, a 73-year-old veteran of Soviet politics and long active in foreign trade, has been named as First Deputy to Prime Minister Nikolai Tikhonov, Radio Moscow announced yesterday, AP reports. His promotion from among several Deputy Ministers completes a shuffle started by Mr. Alexei Kosygin's resignation as Premier last week.

A Russian, Mr. Arkipov was born in 1907, and jointed the Communist party in 1928. From 1943 to 1958 he was First Deputy Minister of non-ferrous metallurgy. In 1958 he became a Deputy Chairman, and in 1959 First Deputy Chairman of the State Committee for Foreign Economic Relations. He remained on the committee until named a Deputy Premier in 1974.

Steel agreement

The West German steel concern Kork Stahl said yesterday it has signed a co-operation agreement with Soviet Committee for Science and Technology in the field of steel technology, Reuter reports from Baden-Baden. It said the five-year agreement will centre largely on small steel works based on the direct reduction method, as well as on scrap.

French inflation slows

Inflation in France slowed slightly last month when retail prices rose 0.9 per cent, keeping the rise over the last year at 13.6 per cent, the National Statistics Institute said yesterday, Reuter reports from PariHs. But economists said any major decline in inflation could not be expected until the effects of a slower rise in the price of some raw materials begin to be felt in several months time.

W. German oil imports

West Germany's crude oil imports fell to 73.4m tonnes in the first nine months of 1980 from 79.9m in the same 1979 period, provisional figures from the Federal Office for Trade and Industry Show, Reuter reports from Frankfurt. However, imports in September rose to 7.7m tonnes from 7.6m in August, but compared with 8.8m tonnes for September 1979.

Madrid deadlock

East-West negotiations on an agenda for the third European security conference, due to open in Madrid in a fortnight, remained deadlocked yesterday, Reuter reports. The U.SH. delegation said the stumbling block remained the amount of time to be devoted to a review of the way the 1975 Helsinki detente agreement was working.

Mobil gas strike

Mobil Oil's West German subsidiary says it has struck gas at a drilling site near the north German town of Walsrode, AP-DJ reports from Hamburg. Mobil says the drill hole is yielding gas of high purity at a rate of 20,000 cubic metres per hour through a ½ inch nozzle.

COMMISSION PRESIDENT EASING HIS WAY BACK INTO UK POLITICS

Jenkins presses for £ to join EMS

BY JOHN WYLES IN LUXEMBOURG

Mr. Jenkins: round of farewell talks.

MR. ROY JENKINS, the European Commission president, will try next week to persuade Mrs. Margaret Thatcher, the British Prime Minister, that the best way to curb the growth of sterling would be full membership of the European monetary system (EMS).

With just two months of his Brussels mandate to run, Mr. Jenkins has chosen the future development of the EMS and sterling's possible role in it as priority themes he will develop during a round of farewell meetings with the EEC heads of government. But his public advocacy of EMS membership as a solution to a major domestic problem is also bound to be seen as part of his gradual re-entry into British politics.

Mr. Jenkins plans to make it clear that he believes the exchange rate could be stabilised and problems eased for British exporters by slotting the pound into the EEC system of fixed but adjustable rates.

The Commission president also knows that his arguments have some supporters in Whitehall, although more in the Foreign Office than in key positions in the Treasury and the Bank of England.

Sterling has been only partially associated with the EMS since the system was launched in March, 1979, but it has no part in the exchange rate arrangements. Mr. Jenkins first argued for full participation shortly after Mrs. Thatcher's government was elected. Ironically, his case was then rejected in London on the grounds that there was too great a risk of pegging the sterling rate too high.

Since then, the argument against full membership has been that the Government's domestic money supply targets could be undermind by the need to prevent sterling from rising above its EMS margin of fluctuation.

Rehearsing his response during a speech in Rome at the end of last week, Mr. Jenkins asserted that "there is more than one way to deal with the impact of unwanted inflows or outflows of foreign currency."

He pointed to flexibility in the EMS exchange rate system, arguing that the UK, like Italy, could opt for wider margins of fluctuation against its central rate. Italy enjoys a 6 per cent margin while the other EMS currencies have 2.5 per cent.

If this was still not enough to cope with currency inflows and outflows, added Mr. Jenkins, sterling could be revalued within the system. This was a "safety valve" that has enabled other countries to reconcile their economic and monetary aims with playing a full part in the system.

UK ready to narrow gap on drinks duty

BY JOHN WYLES IN LUXEMBOURG

THE UK clearly signalled in Luxembourg yesterday that it was readly to narrow the gap between the duties it levies on wine and beer as part of an EEC package harmonising duties on alcoholic drinks.

Although Treasury Ministers ended a meeting of the Community's Fiscal Council without detailed agreement on the total package, there was some optimism afterwards about the prospect of a final breakthrough at hte Council's next session just before Christmas.

Such is the present patchwork of duties and Value Added Taxes on drinks that a final agreement would be an important step forward in the EEC's tax harmonisation efforts aimed at sweeping away non-tariff barriers.

The European Court has already ruled ilegal the widespread practice in the EEC of charging discriminatory duties on imported spirits such as Scotch whisky.

Yesterday's meeting attempted to build on this decision and a parallel interlocutory judgment which found that the UK was tending to protect its domestically-produced beer by levying five times more duty on imported wine.

Responding to a compromise proposal from Luxembourg, which at present holds the presidency of the Council of Ministers, Mr. Peter Rees, Britain's Minister of State at the Treasury, yesterday argued for an EEC rule which would limit excise duty on wine to 3.5 times the levy on beer.

In addition, the UK called for a uniform VAT rate on beer, wine and spirits. Luxembourg had proposed a 3-1 ratio on wine and beer duty by 1987.

If the 3.5-1 ratio is finally agreed, it could be achieved by raising the beer duty in the UK by 4p a pint, which would bring a windfall of £400m to the Treasury, or by taking 19p off a bottle of wine which would cost the Treasury about £45m, or by putting ½p on beer and taking 17p off wine which would be financially neutral to the Exchequer.

The UK seems to think that accepting such a fixed beer-wine ratio would be a small price to pay for securing a common VAT rate on spirits.

Despite this year's Court judgments, whisky sales are still hampered in the EEC by differential VAT rates. Italy, for example, taxes whisky at a higher rate than other spirits while most other EEC countries tax spirits more highly than other drinks.

Symposium will discuss European stock market

BY LARRY KLINGER IN BRUSSELS

A SYMPOSIUM on the possibility of establishing an integrated European stock market will be held in Brussels on November 13-14.

It is being sponsored by the European Commission, which said yesterday that the conference would "examine the desirability and feasibility of creating an integrated European market for securities of international interest."

The Commission foresees the gradual establishment of an institution aimed at stergthening links between existing stock exchanges, rather than a single EEC market.

Speakers at the symposium will include leading stock exchange officials and bankers. Mr. Christopher Tugendhat, European Commissioner responsible for financial institutions, will introduce the conference and give the closing address.

Austrians revive nuclear power station debate

BY PAUL LENDVAI IN VIENNA

NUCLEAR power has again become an issue in Austrian public affairs, less than two years after a nationwide referendum prompted Parliament to vote unanimously to ban construction of atomic power plants.

A coalition of trade unionists, industrialists, bankers and newspapers is supporting a move to change the position. From next Monday a "preliminary referendum ballot" will be available for people to sign should they wish a fresh referendum to be held on the issue.

The last referendum, in November 1978, resulted in a 50.5 per cent vote against the commissioning of an Sch 8.5bn (£207m) nuclear plant at Zwentendorf, near Vienna.

Under Austrian law a preliminary referendum ballot has to gain at least 200,000 signatures within a week to force Parliament to discuss the issue.

The nuclear ballot will not necesarily dictate to Parliament. More than a million people backed a referendum against abortion, but that did not stop the Socialist majority from passing a law liberalising it.

The law banning construction of nuclear facilities can only be revoked by a two-thirds majority in Parliament—and even then it would have to be submitted to another plebiscite.

The nuclear issue has already caused a public split within both of Austria's main political parties. Both party leaders, however, along with various other influential politicians, public figures and a majority of younger people, are among those who firmly oppose reopening the Zwentendorf debate.

Economists argue that Zwentendorf could supply 12 per cent of Austria's power needs at a time when the country has to spend Sch 50bn (£1.53bn) a year on fuel. They also note that at present 40 per cent of the country's imported fuel comes from Communist countries.

The latest opinion poll shows 42 per cent support for putting Zwentendorf into operation, with 34 per cent opposed and 24 per cent undecided. Austrian power consumption is expected to grow by 4.5 per cent a year during the 1980s.

Red Brigades injury

A Red Brigades guerrilla leader was injured yesterday when prisoners at a maximum security jail barricaded themselves in the political wing of the prison, police told Reuter in Nuoro, Sardinia. Roberto Ognibene, 25, was wounded in the throat during scuffles and take to hospital suffering from loss of blood. About 70 prisoners occupied the wing, ripping apart cell fittings to make barricades.

Provisional constitution for Turkey

...By Our Ankara Correspondent

TURKEY'S military government has published a "provisional constitution" which comes into effect today and which effectively legitimises the generals' rule.

The law "on the constitutional order" affirms that the junta will exerciset he powers of the Parliament which it abolished when it seized office from Prime Minister Suleiman Demirel on September 12.

The single-page, seven-point law also said the powers of the president would be exercised by General Kenan Evren, the army chief of staff who led the bloodless coup which toppled the civilians.

Absolute power

The document said the old 1961 constitution would remain in force but that decrees made by the new government would take precedence even if they contravened the constitution.

The new law confirms that the generals have taken absolute power in Turkey since they disbanded parliament, forbade political activities, assumed the most important government posts and taken over Parliament's legislative role.

The new constitution gave no indication of when the military government will hand over power, as promised, to the civilians and restore democracy.

It also said nothing about when a new permanent constitution might be drafted, and did not mention when the promised Constituent Assembly to study and revise a permanent constitution might be set up.

Honecker speaks out over 'threatening development' in West

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S President, Herr Erich Honecker, has accused West Germany and the United States of starting "counter-revolutionary brush fires" in Eastern Europe. He promised that the Communist countries will "produce reliable guarantees" against Western aims in the "Socialist community of states."

On several occasions East Germany has called the new independent trade unions in Poland "counter-revolutionoary" and has indicated it regards them as a serious threat to its own stability.

Herr Honecker was speaking to graduates of the leading East German military academies, including several Polish officers. He said East Germany is reacting to the "threatening development" in the West by increasing its defence efforts.

"The enemies of Socialism must not at any time be stronger than we," he said.

Immediately after the speech, East Gearmany announced that it will not introduced Summer Time together with West Germany next year, as both countries did for the first time this year. West Germany was unable to join other European countries in introducing Summer Time until East Germany also agreed. Otherwise, it would have produced a time zone running between East and West Berlin.

The East German move is regarded as an attempt to sharpen further its differences with West Germany at a time when it is confronted with what East Berlin regards as hostile "anti-Socialist elements" in neighbouring Poland.

The official statement said that the decision not to reintroduce Summer Time was taken after a "scientific report" had shown that no savings in energy resulted and that, in fact, additional costs were incurred in some areas.

In Bonn, the Government spokesman said the Cabinet will discuss how to react to the move which, ironically, will also leave East Germany with a different time next summer to its Czechoslovak and Polish allies.

Pinkowski to meet union

WARSAW — Polish labour leader Lech Walesa yesterday withdrew a demand that Prime Minister Josef Pinkowski fly to Gdansk for urgent talks today and announced instead that a meeting had been set tentatively for Thursday.

Mr. Walesa, whose Solidarity movement had set this evening as a deadline for the Prime Minister to show up for talks, said Mr. Pinkowski had explained that he was not available on Tuesday.

The Solidarity leader said differences over the union's statutes and its demands for access to the mass media would be discussed at the meeting.

Solidarity's national committee met in its Gdansk headquarters on Monday for the first time since a Warsaw court legalised the movement on Friday but inserted clauses into its statutes tying the movement to the Communist system and limiting its right to call strikes. Reuter

OVERSEAS NEWS

U.S. to deny Saudis extra fuel tanks for fighters

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER has decided to deny Saudi Arabia extra fuel tanks and bomb racks which could allow the U.S.-made F-15 fighters it is shortly to get to be used offensively against Israel. For domestic electoral reasons, he has gone to unusual lengths to publicise the decision.

President Carter announced his rejection of the Saudi request for extra F-15 equipment in a radio interview last Friday, and when reporters failed to pick up the news in the transcript of the interview, White House officials specifically drew their attention to it over the weekend.

Saudi Arabia is expected to react frostily to the rejection of their request made last summer. Then, the Saudis argued, they should have equal treatment with Israel, which is getting F-15s with the additional capability.

Since the outbreak of the Iran-Iraq war, the Saudis have claimed the F-15s equipped with extra fuel tanks and bomb-racks are vital to their defence.

Earlier, the Saudis had been given to understand the Carter Administration, which seemed sympathetic to their request, would make no decision until after the November 4 U.S. Presidential election.

But Mr. Carter, desperately anxious to secure the U.S. Jewish vote in key states such as New York, evidently decided to bow to Israeli objections

"We will not agree to provide offensive capabilities for the planes that might be used against Israel," Mr. Carter told RKO, a New York City-based radio network.

The F-15 decision also puts on ice the possibility that Saudi Arabia might buy the four U.S. AWACS radar aircraft which the Administration last month sent out to beef up Saudi air cover in the context of the Iran-Iraq war.

The Saudis have informally told the U.S. they would like to buy the planes which have been sent to Saudi Arabia twice in the last two years, State Department officials said yesterday. But obviously it is "not propitious now," one official said, for the Saudis to make a formal request.

Iran adjourns hostages debate

BY OUR FOREIGN STAFF

THE IRANIAN Parliament yesterday adjourned until tomorrow further debate on the concessions it would demand from the U.S. in return for the release of 52 American hostages. The adjournment followed two closed door sessions of the Parliament yesterday, the second day of the hostage debate.

The further delay in formulating the precise concessions for the hostages' release is likely to dampen optimism in the West that a deal is near and release is possible before the U.S. elections on November 4. The Parliament still feels obliged to give time to debate on the Gulf War.

Although the first, and longer, session yesterday dealt with the hostages, the second session was entirely devoted to the war with Iraq. The Parliament will not be meeting today because it is an important Shia Moslem holiday.

A Tehran radio broadcast has suggested that the wave of optimistic reports about the hostages' release is a form of pressure on Iran. The broadcast yesterday referred to U.S. "bragging" about the imminent release, adding that Islam was too strong to be shaken by the atmosphere created by the U.S.

The radio also attacked the U.S. for sending "hordes of journalists" to West Germany to await the release of the hostages which were referred to in the broadcast as "spies."

The major U.S. television networks have been installing equipment at a U.S. army hospital near Frankfurt where hostages released earlier in the crisis have been treated on their way home to the U.S.

In the fighting in the Gulf war, the official Iraqi news agency claimed yesterday that an Iranian Phantom aircraft and one helicopter were destroyed.

Iran, meanwhile, conceded that all contact had been lost with the beseiged port city of Khoramshahr which Iraq claimed to have captured last Friday although fighting in the city seems to be continuing. A broadcast said heavy Iraqi artillery fire had cut the road with Abadan, the refinery town a few miles further south which is also beseiged.

Iraq also claimed that it had halted an Iranian attempt to break out from Abadan. It said aircraft providing cover for tanks "crushed the enemy attempt in a quick and decisive battle."

Gandhi hints at Assam curbs

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mrs. Indira Gandhi, has hinted at strong measures to curb the agitation resumed in the oil-producing state of Assam by student leaders yesterday, when a 24-hour general strike called by them paralysed life at Gauhati, the capital.

The general strike also affected most other parts of the state, and is the first phase of the agitation which has been revived following the failure of talks between the student leaders and the Government on the demand for deportation of "foreigners" (mainly Bengalis) from the state.

The agitation is to be intensified by the students in a bid to force the Government to agree to deport "foreigners" who have settled in Assam since 1951 and not 1971 as the Government wants.

Meanwhile, the agitators will not allow any oil to be sent out of Assam, which produces 3.5m tonnes a year. Virtually no oil has, however, been produced in Assam for nearly a year

UN seeks Pretoria Front line talks

By Quentin Peel in Johannesburg

A CONFERENCE involving both South Africa and the Black African Front-line states now appears to be the last hope for the United Nations' plan for a settlement of the Namibia (South West Africa) dispute.

Such a proposal is believed to be part of a compromise package proposed by the UN team after a week of otherwise fruitless talks in Pretoria last week. In return, it is understood, South Africa would agree to set a timetable for the implementation of the UN plan, for a ceasefire and elections leading to independence, subject to certain conditions about the demonstration of UN impartiality.

The South African Government is deeply divided over the advisability of going ahead with the UN plan, which could result in an election victory for the South West Africa People's Organisation (SWAPO), whose guerrillas are currently fighting South African troops

Pretoria is known to be keen on such all-party talks, but the proposal may well be rejected by the front-line states—Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe—if they believe South Africa would only use the conference to delay a settlement.

Most of the technical details of implementing the UN plan have been settled,

Tekere move

Zimbabwe's Minister of Manpower Planning, Mr. Edgar Tekere, does not dispute the facts that led to his being arrested and charged with the murder of a white farmer nearly two months ago—"subject to minor detail"—the Salisbury High Court heard yesterday, Our Salisbury Correspondent reports.

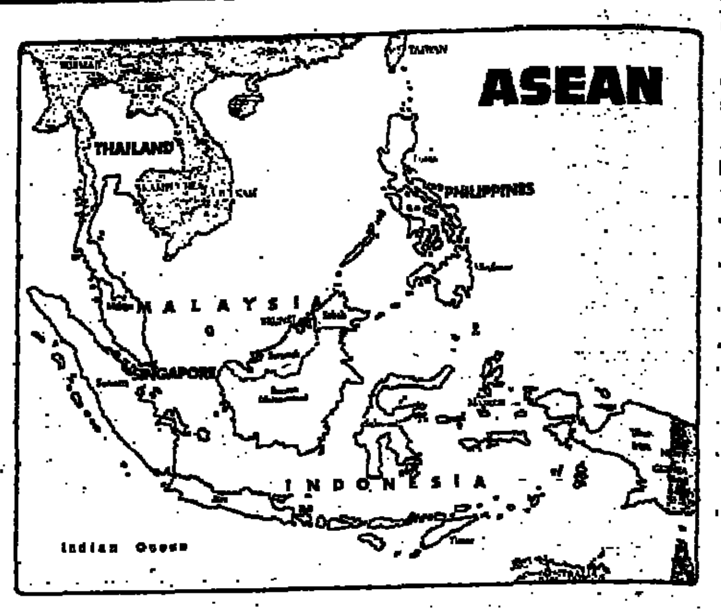
At a special court hearing, Mr. Louis Blom-Cooper, defence counsel, argued that the court as at present constituted, had no jurisdiction in this case.

The defence lawyer said he would invoke the 1975 Indemnity and Compensation Act to defend Mr. Tekere. This legislation, drawn up by the Smith Government, granted Government leaders immunity from prosecution for acts aimed at the supression of "terrorism" He would today ask to have Mr. Tekere formally discharged in terms of the legislation, Mr. Blom-Cooper said afterwards.

CONFLICT OVER KAMPUCHEA

Test of will for nations of South-East Asia

BY ALAIN CASS RECENTLY IN SINGAPORE



LIKE A flyweight referee trying to prise apart two heavyweights in a contest over which he has no jurisdiction, South-East Asia's non-Communist countries are again trying to break the dangerous stalemate over the conflict in Kampuchea.

The latest efforts—high-level talks with Peking over the next two weeks—stem from the belief that China's new and pragmatic leadership may be ready to reach a compromise with Vietnam over Indochina, as the Peking Government is so preoccupied with repairing the damage at home by its predecessors. Some officials within the Association of South-East Asian Nations (ASEAN)—which comprises Indonesia, Malaysia, the Philippines, Singapore and Thailand, say they also detect a "new mood" in Hanoi, whose 200,0000 Soviet-backed troops in Kampuchea, are fighting the rump army of the Khmer Rouge, which relies almost exclusively on China for military support.

The assessment that Vietnam may be softening its line is based partly on a generous interpretation of recent statements by Hanoi's Foreign Ministry which included an offer to hold "immediate talks" with the South-East Asian nations, partly on private signals from the Vietnamese, but largely, one suspects, on second guessing.

Most independent observers think the South-East Asian nations are clutching at straws. Nevertheless, the Prime Ministers of Thailand and Singapore—two countries which have most to lose by prolonged instability—believe there are sufficient grounds for optimism in their talks with Peking over the next two weeks.

It is now nearly two years since Vietnam invaded Kampuchea, deposed Pol Pot, the Khmer Rouge leader, installed the Government of Heng Samrin and began to breath life into a people driven close to extinction by the Khmer Rouge.

On the surface, little has changed. The Soviet Union still backs Vietnam, as a strategic ally on China's southern flank, to the tune of $3m a day. Peking funnels arms and supplies to Pol Pot, largely through Thailand. The war in Kampuchea remains a crucial testing ground for China, both in its tussle with Vietnam for regional supremacy and in its immensely more important rivalry with the Soviet Union on the world stage. The Peking talks are being held against the background of two stinging defeats for Vietnam and the Soviet Union at the United Nations, which confirmed the Pol Pot Government as the legitimate Government of Kampuchea and in a separate vote called for an international conference to resolve the crisis as a prelude to free elections.

Vietnam and the Russians have predictably brushed aside both defeats as a minor irritant and said they will not attend any conference. So what chance have the South-East Asian nations for finding a basis for talks?

The kind of package they are groping towards would inevitably include major concessions from all sides. China would have to drop its support for Pol Pot and agree to back a broader coalition—the so-called "third force"—which might include Prince Norodom Sihanouk, the non-Communist ruler of the former Cambodia. Peking would also have to acknowledge Vietnam's legitimate interests in a Kampuchea which, at the very least, is not hostile to Hanoi.

China can use Kampuchea against Vietnam just as much as Vietnam can use it against China. The Vietnamese need reassuring, as one official said.

In return, Hanoi would have to provide tangible proof that it has no territorial ambitions beyond the Thai border, agree to internationally supervised elections, and send its troops home.

Less than six months after a major incursion into Thailand by Vietnamese ground forces, and against a background of steady reinforcement of their divisions in Kampuchea's western provinces which could foreshadow another offensive in the dry season after Christmas, this seems a pretty tall order.

A crucial factor in the South-East Asian Nations' enthusiasm has been the tantalising suggestion by Vietnam that it might, under certain conditions, pull away from the Soviet orbit.

The alliance has always been regarded as a marriage of convenience and Singapore in particular believes Hanoi can be persuaded that its future lies, not in a client-state relationship with Moscow, but in a pragmatic and profitable alliance with its natural allies in South-East Asia.

To drive the point home, the South-East Asian nations recently offered to rebuild Vietnam and Cambodia after a settlement and persuade others—presumably the U.S.—to help. This was an unprecedented offer which, officials insist, should be interpreted as a sign of goodwill and not as an indication that the South-East Asian nations want peace at any price.

Nevertheless, few are prepared to argue against the logic that Vietnam is in Kampuchea to stay. For the vulnerable South-East Asian nations, still profoundly influenced by the domino theory, the only real issue, as one diplomat put it, "is not Kampuchea, but where next?"

The South-East Asian nations' ultimate hope must rest on two major assumptions. The first is that the Russians, pre-occupied with Afghanistan and Poland, will urge Hanoi to reach a settlement and avoid a costly and protracted war of occupation.

The second is that China is so committed to internal development that it will agree to a solution which allows Vietnam to emerge with its pride more or less intact. Both require a substantial act of faith which neither China nor Vietnam have been remotely prepared for so far.

Marcos may keep martial law

BY PHILIP BOWRING IN MANILA

PRESIDENT MARCOS of the Philipinnes yesterday warned he would have to review his promise to consider lifting martial law next year because of the recent spate of bombings in Manila.

Only eight days ago, a bomb went off in the presence of the President himself, at the opening of a convention of American travel agents in the capital.

President Marcos gave his warning in an address to the interim National Assembly, in which he said he would have to review the whole issue of political normalisation, taking account of the views of the assembly and the National Security Council. He would, however, consider lifting martial law within 18 months.

The President said he was "sincerely willing" to have a dialogue with the opposition and hear its grievances. He was prepared to deal with an opposition working for political reform, but the most strenuous measures would be taken against the "lunativ and mindless menace" of terrorism.

On the economy, the President claimed that despite adverse external circumstances, the "cloud of uncertainty was beginning to dispel." Gross domestic product had expanded 5.3 per cent in the first half of the year and should grow at 5.5 per cent for the full year.

Exports, he said, rose 27 per cent in the first nine months of the year.

Energy, inflation and trade problems continued to create a world economic crisis. He did not make any forecast for the Philippines economy in 1981.

SAA flies round African ban

By Quentin Peel in Johannesburg

SOUTH AFRICAN Airways, which is barred by African countries from overflying the African continent on flights to Europe, has done a deal to overcome the ban by chartering flights from Luxair, the Luxembourg-based operator.

From the end of October, Luxair will operate two flights a week from Johannesburg via Nairobi to Athens and Rome on behalf of SAA, as well as its own existing twice weekly *flights from* Johannesburg via Nairobi to Luxembourg. The South African Airways' flights to Rome and Athens, which used to be forced to fly round the bulge of West Africa, will cease.

Luxair is not a signatory of IATA. The airline has bought a Boeing 747 aircraft from South African Airways to operate on the Southern Africa routes and an SAA spokesman said his company would initially second some of its flying crew to Luxair.

The SAA spokesman said the deal *would* reduce the flying time between Johannesburg and Athens by seven hours. It is understood that the SAA flights had become uneconomic because of their extended route and heavy fuel costs.

The Luxembourg operation is a complicate darrangement by which Luxair is the carrier operating the aircraft, Luxavia arranges bookings, and Luxembourg Aviation Investments owns the aircraft. It is understood that several South African interests are involved in the group.

UK groups make Israeli links

By L. Daniel in Tel Aviv

MR. CECIL PARKINSON, the British Minister for Trade, expects an additional 30 joint ventures to be concluded between Israeli and British concerns as a result of a recent visit of a group of UK investors.

Mr. Parkinson, in Israel this week, pointed out that 29 joint ventures had materialised as a result of a similar mission last year.

Comecon decides to press on with talks for EEC pact

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION and the other Comecon countries have decided to continue talks, with the European Economic Community to work out the draft of a trade and economic relations agreement although Comecon says its previous "constructive proposals" did not meet with an "appropriate response" from the EEC.

At the end of a two-day meeting in Moscow of Comecon's executive committee, a communique said that *Comecon had resolved* to continue, a "constructive dialogue" with the EEC.

Comecon consists of the seven European Communist countries as well as Cuba, Mongolia, and Vietnam.

Comecon and EEC teams, headed by the Belgium EEC official *Mr. Louis* Kawan and Hungary's Trade Director, Mr. Janos Nyerges, held two days *of talks in* Geneva *earlier this* month without moving any closer to an agreement which Comecon has been especially *eager to conclude. Both sides* are due to meet again next January although no date has been fixed.

Since the EEC and Comecon first exchanged draft texts of an accord in 1976, the two economic organisations have made little progress on a proposed agreement. The Soviet news agency TASS said after the last meeting that the EEC delegation had taken a "wait and see" stand which had prevented progress at the talks.

The Comecon countries want a comprehensive trade agreement granting most-favoured nation trade status to members, while the EEC is interested in trade agreements with the individual Communist countries as well as exchanges of economic *information*.

The Comecon executive committee also worked out the *broad outlines of co-operation* to use fuels and raw materials more effectively, and to adopt lighter materials for the construction and engineering industries.

Comecon's highest body also formulated plans for speeding up the joint development of modern process control equipment; industrial robots; mining equipment; equipment to improve fuel and energy consumption; precision components for the metal working industry; and equipment to mechanise agriculture and the food industry.

● *Mitsubishi Belting said in* Tokyo that it and six other rubber belt manufacturers have signed a joint contract with the Soviet Union to sell about \$10m worth of industrial-use rubber belts, including fabric and steel cord belts.

The company declined to disclose price and names of the six other firms, but added the Soviet Union is the largest export market for Japanese rubber belts, taking about 40 per cent of Japan's rubber belt exports.

U.S.-Australia titanium study

BY JAMES FORTH IN SYDNEY

WESTERN MINING CORPORATION (WMC) has agreed with two major U.S. groups to determine the feasibility of establishing a A\$100m (more than £48m) titanium processing plant in Australia. WMC directors said yesterday that a preliminary study had indicated that a plant to produce about 5,000 tonnes a year of titanium metal should be viable in Australia.

The U.S. groups are General Dynamics and United Technology, *the parent company of* the engine-maker, Pratt and Whitney. WMC directors said that a *final feasibility study is* subject to the Australian Government selecting the F-16 jet fighter aircraft built by General Dynamics and United Technology as a replacement for its Mirage aircraft.

If the project goes ahead, WMC would be the manager of the project and own 50 per cent of the equity.

There has been intense competition for the A\$2bn to A\$3bn *contract, with the F-16 and* McDonnel-Douglas's F-18 the main contenders. General *Dynamics in July* mentioned the possibility of the titanium processing plant and said that it was talking to a number of *companies including* WMC, Broken Hill Proprietary, CRA and Alcan.

McDonnell-Douglas has said that \$50m of advanced electronic work would be offered to Australian industry if the F-18 is selected. The Western world's production of titanium metal is *about 30,000 tonnes a year* which makes the proposed plant significant in world terms.

Queensland coking plant plan

BY CHARLES BATCHELOR IN AMSTERDAM

AN INTERNATIONAL group of companies has begun a study on the feasibility of building an A\$1.2bn (£582m) coking plant at Gladstone in Queensland, Australia.

If the project is carried out this could *result in the largest* bulk cargo contract for the Dutch partner, the shipping group Nedlloyd. The Dutch company is setting up a new subsidiary, Austbulk Proprietary, jointly with the Australian group, Brambles Industries, to study the transport prospects of the project.

If the study, which is due for completion next year, is favourable the plant would begin production in 1984 and reach full capacity in 1989. The amount of coke to be transported would rise from 1.5m tonnes in the first year of operation to 3.5m-4m, said Mr. Anko de Jong, managing director of Nedlloyd Bulk.

The study group is led by the Australian Lend Lease Corporation, and includes Hans Neuberg, the West German coal marketing group, Voest Alpine of Austria, Charbonnages de France, Monsanto Australia and Allgas Energy also of Australia.

India seeks French aid for motor industry

By K. K. Sharma in New Delhi

RENAULT AND PEUGEOT of France have agreed to assist in the modernisation of the Indian *automobile industry*, and they are to submit their proposals by the end of this year.

Dr. Charanjit Chanana, India's Minister of Industry, has just returned from Paris where he discussed plans for the transfer of technology from France.

Renault and Peugeot will submit technical details and terms for collaboration for cars and light and heavy *commercial vehicles*, according to Dr. Chanana. Their proposals will be compared with those made by other European concerns.

India's automobile industry is at present both obsolete and *high-cost*.

The French collaboration could be used to revive the Maruti concern, *started by* Mrs. Indira Gandhi's late son, Sanjay. The company has just been nationalised by the Government and was originally meant to make a small popular car, but this has not materialised.

Dr. Chanana said that a *small car project must make* a minimum of 100,000 cars to be viable. This would mean that most of the production would have to be exported since there *is not enough* internal demand for this volume.

Athens Port 'needs better management'

By Victor Walker in Athens

LONDON consultants have warned the Athens Government that the Port of Piraeus will be unable to meet the challenges and opportunities *to be presented by Greece's* EEC accession in January unless it is given greater commercial and managerial flexibility.

This is a key finding of a technical assistance report prepared for the Ministry of Co-ordination by Placon, the *consultancy subsidiary of the* Port of London Authority.

Placon teams spent four months studying Piraeus operations

UK aid programme helps boost export orders

BY PAUL CHEESERIGHT

BRITISH companies received *orders worth* £15.5m in September as a result of the Government's aid programme, the Overseas Development Administration (ODA) said yesterday.

Payment will come from the ODA's bilateral aid budget, which is about two thirds of the UK's total aid budget, running *at £885m for fiscal 1980-81. The* total budget is being cut by 14 per cent in real terms between 1979 and 1984.

The grant of these orders is part of a long-standing arrangement which ties 60 per cent of UK bilateral aid to purchases made in this country, and partly ties another 17 per cent.

Government policy is to give "greater weight in the allocation of our aid to political, industrial and commercial considerations alongside our basic developmental objectives," Mr. Neil *Marten*, the Minister for Overseas Development, said last February.

This stand, coupled to the overall aid cuts, led to criticism yesterday from Mr. John Mitchell, director of the World *Development Movement, a* pressure group on Third World Issues.

He charged that planned aid to India and Bangladesh had *been halved and argued that the* old policy of channelling aid to the poorest countries should be restored.

But manufacturers generally welcome the policy of tied bilateral aid, especially in the middle of the recession.

"As far as manufacturers are concerned it is something the Government is doing that creates trade," said Mr. G. W. Elen of the London company *bearing his name which*, in the September orders, won a contract for the supply of £24,225 worth of fuel tanker trailers to Kenya.

"Making sure jobs come to the UK is subsidising British industry," noted Mr. John Reid, whose family company in Dorset is to supply steel frame building valued at £290,015 for a Jordan Valley Authority marketing centre.

Other companies which received orders in September included Ford Motor, which is to supply £307,440 worth of tractors to Zimbabwe, Ruston Diesels of Newton-le-Willows with a contract for £193,040 of boat engines to be used in Pakistan, and Tootal International of Manchester, which is providing £145,940 worth of wax white cloth to Zaire.

All the orders are administered through the Crown Agents and are part of a complicated *web of private and* official, international and domestic commercial contacts.

At the international level, the ODA defines with overseas governments the projects judged suitable to receive UK aid. "In many instances, once the project has ben identified and ap*proved, the* Crown Agents act for the overseas government to procure the goods from British suppliers," says an ODA booklet soon to be published.

The Crown Agents keep lists of the suppliers of different categories of goods and services. Those companies on the list may be invited to tender. The Crown Agents will then select a supplier on the basis of price, quality and delivery.

Some contracts may be let *directly by the Government* concerned, but only UK companies would be permitted to tender, with the Crown Agents picking up the bill.

Calls for tenders are made known through the British Overseas Trade Board's Export Intelligence Service. In some cases the overseas governments may specify that they require goods from a particular supplier. This has happened with John Reid in Belize and the Caribbean.

At the back of these dealings is the hope that UK companies, once introduced to a market will stay there on their own *initiative*. "If the merchandise is right," said Mr. Elen, "you do get a feedback."

Newall wins first USSR order

BY OUR WORLD TRADE STAFF

NEWALL ENGINEERING of Peterborough has signed a contract in Moscow to supply the USSR with eight grinding machines worth £1.4m. This is the company's first order from the USSR and a sales team is there at the moment seeking further sales.

Delivery of the machines will be between August and November next year. The machines are used for the grinding of components used in motor and aircraft equipment.

● Shanning International, the *Hemel Hempstead* company, has signed a £1m contract to develop a health spa in Cairo. This involves consultancy and design work. Shanning will also supply, equip and manage the health spa.

● GEC Industrial Controls of Rugby is to provide 127 metallic neutral earthing resistors, valued at £360,000 to the Riyadh Electric Company in Saudi Arabia. This *follows* an order for 150 resistors, placed last year.

● MEL, the Crawley unit in the *Philips Electronic and Associated* Industries group, has received a follow-up order from China to supply optoelectronic systems worth £150,000. This brings total orders from China to £650,000.

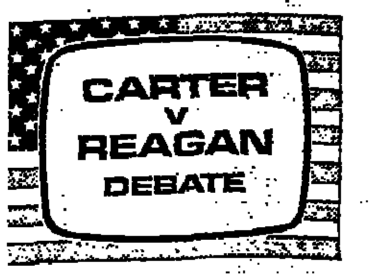
● Warner Swasey Turning Machines, the Halifax machine tool manufacturer, has completed delivery of 13 single spindle chucking automatic lathes, worth £1m, to India, and received orders for four more machines.

● A Belfast team with a system for vertically storing cine-film has won this year's American Express Bank export award. The team had to convince a judging panel of *prominent businessmen that the* scheme is viable. If further investigation proves this viability, the Bank will provide backing of up to £100,000.

● Financing for Polibur Engineering's £10m contract to supply and commission equipment for the modernisation of *the Polish chemical and food* processing industries has been guaranteed by the Export Credits Guarantee Department.

The Manchester company has received the order from Polimex-Cikop. Lloyds Bank is providing an £8.5m loan to Bank Handlowy of Warsaw for the *deal, which involves not only* the supply of new equipment over a period of three years but the refurbishment of existing plant.

No room for error as the candidates meet on TV



BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

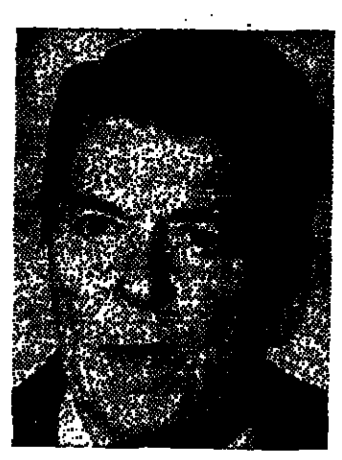
NEVER BEFORE has a debate between two Presidential candidates been held as close to election day as that tonight in Cleveland, Ohio, between President Jimmy Carter and Mr. Ronald Reagan.

The practical significance of this is that if either is perceived as the loser in the confrontation, or if either makes a "mistake" of the magnitude of President Gerald Ford's misstatement over the absence of Soviet domination of Eastern Europe four years ago, it may be impossible to repair the damage before the nation votes a week from today, so close is their contest now.

Mr. Carter and Mr. Reagan are, according to the polls, in a virtual deadlock. The latest Time magazine survey, out yesterday, was the third national canvass to give the President a one-point lead. More important, he was given a seven-point edge in seven big industrial states in the north and midwest, though this does not mean he is ahead in every one of them. The Carter camp also claims that the gap has narrowed in California, until now, considered safe for Mr. Reagan to the point where the President might pay the state a last minute visit.

Determining a winner or a loser, however, is likely to be no easy task. Both are experienced campaigners, with by now well-versed arguments. Though the format for the debate, with a first half in which a panel of journalists will be allowed to ask follow-up questions, is perhaps a little more flexible than the Reagan camp would have liked, it remains probable that neither will commit a major *faux pas*.

The significance of the Carter [illegible] debate is that if either is [illegible] as the loser, it may be impossible to repair the damage before the nation votes a week from today



Both have studied assiduously for the confrontation. Mr. Reagan has taken five valuable days off the campaign trail to prepare, a minor tactical gain for Mr. Carter, who reserved only Sunday and the day of the debate itself for homework.

Although a vast national television audience ought to be the arbiters, in practice it will be the American media who will serve as the jury. The slant of their summaries of the debate is bound to influence public opinion.

In 1976, for example, the Press view was that in the critical opening half-hour of the first debate Mr. Ford showed himself surprisingly knowledgeable and "presidential" against a visibly nervous Mr. Carter. Unfortunately for Mr. Ford, his gains were then wiped out by his slip in the second debate.

In 1960, television cruelly exposed enough of Mr. Richard Nixon's unease to give Mr. John Kennedy a small, but in the end, decisive, edge. In that debate, interestingly, those Americans who listened to it on radio thought Mr. Nixon came off best.

Both Mr. Carter and Mr. Reagan have strengths that match the other's weaknesses. As Mr. Robert Strauss, the President's campaign managers, has conceded, Mr. Reagan is the smoother master of television, knowing the value of the well-delivered epigrah, more able to use his actor's voice as a well-tooled weapon.

Aware of this, the Carter camp has been going around gesting that, stripped of his cue cards and his teleprompter, Mr. Reagan will be found wanting.

Mr. Carter, it is generally thought, is more knowledgeable about the affairs of state and quicker on his feet than Mr. Reagan. But he is, undeniably, still prone to nervousness, and comes off sometimes as shrill and distinctly unpresidential.

Mr. Reagan's basic goal tonight will be to assure the nation that he is not the trigger-happy warmonger who does not know much about the world, as Mr. Carter has sought, with some success, to portray him. The Carter aim is to convey the demeanour of competence that Mr. Reagan charges he lacks.

Mr. Reagan is likely to prove an elusive target. In his performances in several debates in the Republican primaries and in last month's session with Mr. John Anderson, the independent candidate, he was never caught on the wrong foot. But Mr. Carter, as the incumbent President, is the most formidable contender he has yet taken on.

Carter pulls out the stops in New York

BY DAVID BUCHAN

HARRY TRUMAN was the last Democrat to win the White House without carrying New York, and Jimmy Carter is not taking the empire state—with its 41 electoral college votes—for granted. Victory in New York is the only way Mr. Carter can offset a victory by Mr. Ronald Reagan in his home state of California (45 electoral votes).

The polls put Mr. Carter about 49 per cent ahead of the Republican challenger in New York State, with Mr. John Anderson, the Independent runner, garnering about 10 per cent drawn more or less equally from both main candidates.

Banking

But the President's appearances in the state—virtually twice a week since early September—and his gain this Thursday show that he is not banking on the pollsters.

Mr. Carter has cause to be wary. The polls wrongly forecast he would carry the state primary against Senator Edward Kennedy in March. Defeat prompted this New York city newspaper headline—"City to Carter: Get Smarter."

He has. In particular, he has pulled out all the electoral stops to persuade New York blacks not to register their discontent by abstaining and New York Jews not to desert their traditional allegiance for the Republican camp.

Mr. Carter's problems with New York's big and politically active Jewish community are well known: his Aministration's "mistaken" United Nations vote against Israel, his brother Billy's links with Libya, his former Ambassador Andy Young's "unauthorised dealings with the Palestine Liberation organisation, and so on.

The litany that the Reagan forces can recite is long. "If this election is turned into a referendum on Carter, the President will do very badly" among Jewish voters, admits Mr. Joel McCleary, the Carter campaign manager in New York state (and incidentally a Buddhist).

Winning

Mr. Carter has no hope of repeating his 1976 feat of winning 80 per cent of the state's Jewish vote. Even Mayor Ed Koch of New York City, who is a Carter supporter, has refused publicity to be the President's "envoy to the Jewish community."

In fact, the only member of New York's Democratic establishment who has wholeheartedly put his shoulder to the wheel for Mr. Carter is Mr. Mario Cuomo, the Lieutenant Governor.

But if Mr. Reagan has made surprising in-roads into New York city's ethnic and jewish vote, and looks likely to amass a big majority in suburban Long Island, where Republicans are excited by also fielding the Republican candidate for the Senate race, the picture is different up-state.

About 45 per cent of the total state vote comes from the 59 counties north of Westchester County, and former President Gerald Ford carried this area handily four years ago.

But Mr. Reagan is weak, particularly in hte arc of up-state cities, Albany, Syracuse, Utica, Rochester, Buffalo, and not overwhelmingly strong even in the rural areas.

Mr. Reagan, who has moved smoothl ytowards the centre recently, could show them his right-wing horns are shorn. But time is running out, and "we may have mised the boat," Mr. Charles Peckham, the Reagan manager, sadly concedes.

Mr. Carter, too, may have scored off Mr. Reagan in claiming that the paint on the Republican's "I Love New York" badge was "still wet."

Funding

Mr. Reagan has recently come out in favour of Federal loan guarantees for New York city and renewed federal funding of the big Westway road project that would provide several thousands of construction jobs in the city.

But the subways carry damaging advertisements placed by the Carter Campaign, reminding travellers that Mr. Reagan once said: "I have included, in my morning and evening prayers every day, the prayer that the Federal Government not bail out New York city.

Ottawa plans bigger share of industry for Canadians

BY IAN HARGREAVES

MR. PIERRE TRUDEAU, Canada's Prime Minister, appears determined to hoist a nationalist banner in more ways than simply bringing home from Westminster to Ottawa his country's constitution.

His Government's energy policy, to be unwrapped tonight, is also expected to strike hard on the drum of "Canadianisation" as part of the Prime Minister's programme to demonstrate the extent of Federal interdependence as Canada seeks once more in danger of pulling itself to pieces.

But it has also become evident in the eight months since Mr. Trudeau returned to power that Ottawa is once more hunting for a broad-based industrial strategy to increase Canadian ownership of manufacturing industry.

On energy, the goal is 50 per cent Canadian ownership of the oil and gas industry by 1990, compared with just over 30 per cent today. At the same time, Ministers are saying, energy must be the spearhead for a more general push for Canadianisation. Needless to say, the offensive has set off another wave of jitters among the foreign businessmen who control 54 per cent of Canada's manufacturing industry.

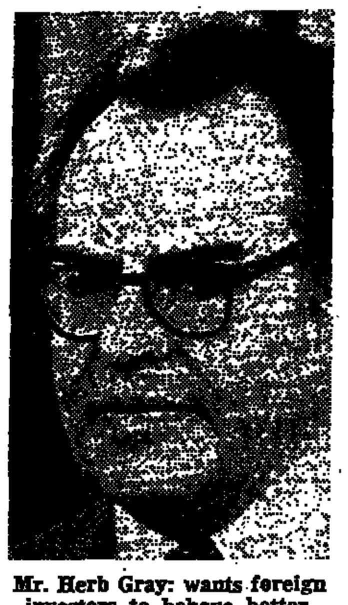
These jitters are probably exaggerated, given the frequency with which talk of an aggressive nationalist industrial policy has come and gone in the last two decades. But there is no doubt that change is on the way and that the man chiefly responsible for designing the details is Mr. Herb Gray, Canada's Industry Minister and, alongside Mr. Marc Lalonde, the Energy Minister, the most committed nationalist in Mr. Trudeau's cabinet.

On energy, Mr. Gray maintins: "I think we are entitled to set reasonable terms—it is nothing more than Britain and Norway have already done."

> "The aim is a set of good citizenship standards for companies."

Apart from energy, the only specific proposals for Canadianising industry are those contained in the April speech from the throne. These were:

- To extend Mr. Trudeau's own 1974 Foreign Investment Review Act to allow the Foreign Investment Review Agency to vet existing operations in Canada of foreign firms, rather than merely sifting through the applications of new entrants. The aim, says Mr. Gray, is to devise a set of "good citizenship" standards for companies, to determine whether their activities are providing Canada with adequate benefits in terms of jobs, research, and broadening the economic base. So far, the agency, which screens foreign investment for the "significant benefit" it will bring to Canada, has not been the most effectual of organisations: as a rule, local interest in creating jobs has been the final criterion.
- Publication of details of large takeover bids by foreigners to allow more time for government consideration of such bids and to stimulate counterbids by Canadians. In some circumstances, Canadian bidders would also be given government loan guarantees to support their efforts.



Mr. Herb Gray: wants foreign investors to behave better.

Mr. Gray is the first to admit that the drift of these policies is not new. "The movement started in 1967," he says. "We are now talking about speeding things up. There is a growing consensus that we have to do more in this direction if we are going to realise the potential of Canada and not slip badly behind."

Many Canadian businessmen agree. Mr. John Shepherd, chairman of Leigh Instruments, an Ottawa company, recently published a paper calling for the Gray-Trudeau initiative to be accelerated and broadened.

One of the keys is research and development, which claims less than 1 per cent of Canada's gross national product, despite massive direct government efforts in the field. This compares, Canadians never tire of repeating, with over 2 per cent in the U.S. That the rate is dropping south of the border provides no comfort.

This, the evidence shows, is one product of the "branch plant" status of much of Canadian industry. The classic example is the motor business. Canada's motor industry is almost entirely run by Detroit and, despite a free trade pact between the two countries designed to ensure equitable returns, produced a \$3.1bn trade deficit in motor products for Canada last year.

Anger at this "branch plant" status was the main reason why Canada delayed so long before agreeing to support the Carter Administration's bail-out of Chrysler, even though Mr. Gray was warned that his hesitation might kill the rescue. In the end, Canada offered \$200m in loan guarantees from 1982—in return for detailed guarantees about jobs, plant, investment and research and development.

Mr. Gray believes a wider role for the Foreign Investment Review Agency will be an important component in improving the behaviour of U.S. companies.

But the Chrysler issue and the more recent Massey-Ferguson affair—Canada is prepared to put up another \$200m to save the Toronto farm machinery company—probably say more about the reality of the new industrial policy than any strategy document (one is promised) is likely to do. On Chrysler and Massey, the Government has shown it will bend in order to save jobs, but that in bending it will also impregnate its response with other nationalist goals.

Indeed, the main reason for saving Massey is not jobs in Ontario, but the feeling that in one of the world's great agricultural countries, a domestic farm machinery company is obvious and essential.

But there are, as ever, plenty of inconsistencies. Only a week ago, Mr. Bud Olsen, Minister for Economic Development, was proclaiming the need for a move "away from unproductive subsidies and towards productive investment." To call the money intended for Massey or Chrysler "productive investments" is either semantic trickery or faith which would move mountains.

This is also true in the thinking about mergers, and especially the fear of foreign takeovers with a weak Canadian dollar. Canada probably has the weakest monopoly laws of any major industrial country, something which the men who run the Government's anti-combines investigative unit frequently and loudly lament. "You cannot stop a merger unless you can find a body. It is very difficult," says Mr. Robert Bertrand, director of this operation.

> "Some tightening of the monopolies laws is likely."

The Government's easy going stance on monopolies has been justified by Canada's need to allow combinations on the grounds of efficiency, overshadowed as most of its companies have been by powerful southern neighbours. But with over 500 mergers last year, and a similar total expected this, some people have started to wonder whether all is well.

Some tightening of the monopolies laws is likely if this pattern continues, but it is far from clear that the Government has made up its mind to start restricting even foreign takeovers when Canada's own investment and industrial groups, along with its banks, are in the midst of a buying binge south of the border.

On all sides, then, are highly complex issues with hich the more strident rhetoric of nationalism jars sharply. But even Mr. Gray, who by some accounts is about to embark on a programme of state control unprecedented in Canada's history, is interested less in red politics than in red tape. He wants to use the bureaucracy to make the foreign investors behave better.

U.S. QUARTERLIES

McDonnell Douglas setback
Shell Oil improves
Gulf & Western ahead
Details, page 24

Guyana poll date announced

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

GENERAL ELECTIONS in Guyana, due to be held two years ago, will be staged on December 15. Announcing the date in Georgetown on Sunday, President Forbes Burnham said that they would be held simultaneously with polls for 10 regional councils.

Opponents of President Burnham's People's National Congress, who have evidence of ballot rigging and electoral fraud in previous elections, are calling for international supervision. This has been rejected by the President.

Amid signs of increasing tension in Guyana, the fast-growing left-wing Working People's Alliance will probably boycott the poll. A question mark hangs over the pro-Moscow People's Progressive Party of Dr. Cheddi Jagan which is considering whether to fight or not.

Despite weakening domestic support, President Burnham enjoys cordial relations with the Soviet Union. Mr. Leonid Brezhnev, the Soviet leader, congratulated Mr. Burnham last week on his assumption of the presidency.

Mr. Burnham is also being supported by the U.S. Administration, which fears the emergence of any radical alternative. The World Bank and the IMF have been holding discussions on Guyana's financial needs.

The World Bank has revived its interest in the billion dollar Upper Mazaruni hydroelectric scheme, an ambitious capital project for a country of 1m. The Fund offered Guyana a three-year credit last year to ease the country's substantial balance of payments difficulties. Guyana's austerity programme was insufficient for the lenders and little of the G\$204m (£35m) was drawn down.

Chemical industry leaders urge reduction in MLR

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL INDUSTRY leaders yesterday warned the Government that the viability of the entire sector was being "gravely threatened" by the strength of sterling and the high cost of energy.

The Chemicals Economic Development Committee, set up by the last Government, has written to Sir Geoffrey Howe, Chancellor of the Exchequer, calling for a speedy reduction in minimum lending rate.

The letter, from Lord Allen, chairman of the committee, forecasts "a very large fall in the UK-based chemical industry's export business" if no action is taken to reduce the value of the pound.

Lord Allen says many chemical companies are losing almost all their profits because of the high exchange rate.

"Sterling is now so over valued in relation to our manufacturing costs that the chemical industry finds itself effectively priced out of many export markets. The recent appreciation of sterling has absorbed, in many cases, virtually the whole of companies' profit margins.

"Unless some action can be taken by Government to provide industry with a sterling exchange rate which will enable it to remain at least operational, the prospect for the UK-based chemical industry is grave indeed," he says.

Lord Allen goes on to say that a cut in MLR is of "paramount importance" to efficient industries because of its impact on the exchange rate. He stresses that the chemical industry does not see itself as a "lame duck" and adds that its output last year was worth some £16bn with a trading surplus of over £1.5bn.

The letter goes on to launch a strong attack on UK energy pricing policy. It says arguments over whether market prices should prevail for oil, gas and electricity are "sterile."

UK chemical producers are paying more for their oil, gas and electricity than their major competitors in the U.S. and in Continental Europe, it says.

"Until such time as there is general acceptance of the market pricing concept, the UK chemical industry sees no reason why only companies in this country should carry this burden of additional costs along with the very great strains caused by current exchange rates."

Mr. Robert Horton, a member of the Chemicals Economic Development Committee and who takes over as managing director of BP Chemicals next week, added his endorsement to Lord Allen's letter.

"There has to be distinction between market economics—we are all in favour of free trade—and a tax system which adds £8 a tonne to the cost of fuel oil in the UK when taxes on the Continent are nothing like as high as this," Mr. Horton said.

"The high UK tax on fuel oil affects other forms of energy such as gas and electricity. We therefore pay more for these too.

"The price hurdles UK industry has to face would be lower if the gas and electricity companies were not counted as part of the Public Sector Borrowing Requirement. They should be treated as private capital."

In spite of protests over high UK energy prices from many sectors of British industry, there is little sign that the Government is preparing to take action. Last week Lord *Strathcona and Mount Royal*, a front bench spokesman, told the House of Lords that to charge less for gas would stimulate a demand that could not be met.

But opposition to current energy pricing policies appears to be mounting. The Confederation of British Industry is expected to launch an attack on high UK oil and gas prices at the start of next month and the National Economic Development Office is also preparing a study of comparative energy prices in the UK and abroad.

Church hierarchy fails to stop Maze hunger strike

BY STEWART DALBY IN DUBLIN

SEVEN Republican prisoners yesterday started a hunger strike in the Maze Prison, Belfast, by refusing breakfast. Weekend attempt by the Roman Catholic hierarchy in the form *of Cardinal Tomas O'Fiaich* and Bishop Edward Daly failed to dissuade them.

The men are protesting against the Government's refusal to grant political status to the Republicans held in H-Block of the Maze, and in Armagh prison.

The Northern Ireland Office said that if the prisoners wish to fast to death the Government will not interfere.

Medical opinion suggests that providing the prisoners take water they could live for six to eight weeks. This would take them into the Christmas period. So far, there has been little reaction by the Provisional IRA. Provisional Sinn Fein, the Provos, political wing held a march on Sunday, and other demonstrations and marches are planned. The Royal Ulster Constabulary and the Army did not discount the possibility of Provisional activity.

About 370 prisoners are making the "blanket" protest, refusing to wear prison uniform, which started four years ago. Two years ago they escalated the campaign by smearing excrement over the walls of their cells and refusing to slop out. Ten days ago Mr. Humphrey Atkins, the Secretary of State for Northern Ireland conceded that all prisoner could wear civilian clothes.

This has not satisfied the H-Block prisoners who, in a statement smuggled out yesterday, said: "Our grave decision to hunger strike is entirely of our own and owes influence only to the perpetuation of four long years of British institutionalised torture and unprecedented barbarity here within H-Block and in Armagh Jail. Having exhausted every other means and alternative available to us, we see no other way of ending this inhumanity."

The terrorist prisoners in H-Block have been treated as common criminals since 1976 when Mr. Mervyn Rees, then Secretary of State for Northern Ireland, rescinded a decision by Mr. William Whitelaw, the previous Conservative Minister, to grant them political status.

Whitelaw moves on prisons dispute Page 13

Brewers to give beer strengths

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S brewers are to give *details of the strength of beers* following yesterday's publication of guidelines by the Brewers' Society.

The 80 brewers in the UK are expected to comply with the new guidelines, unanimously approved last week by the society's council, although it *may be up to two years before* all beers are labelled with the new information.

The original gravity figure—a measure of beer strength—is to be printed on all bottle and can labels and included on price lists for draught beers sold in public houses.

The Brewers' Society has *also issued guidelines* about the growing practice of calling beers "real ale."

The society recommends that brewers confine the use of the description "cask conditioned" to those draught beers in which yeast has carried out a secondary fermentation in the cask from which it is sold.

If carbon dioxide pressure is used to move such beer from cellar to dispenser, then this should be stated in a notice at or near the point of sale, adds the society.

The recommendations on original gravity marking will mean that the beer's strength will either be given as a range—1036 to 1040, for example—or as a minimum, such as 1036.

The labels will confirm that the average original gravity of Britain's beers has risen in the past ten years from 1037.00 to 1037.52.

Publication of the original gravity figures of beers has *been subject to controversy* within the industry for some time.

There has been concern that some drinkers, particularly the young, might use the strength marking figures to pick out the strongest beers as an act of bravado.

Co-ops to vote on board shake-up

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A REFERENDUM of the 191 retail co-operative societies is to be held next month to decide whether a top level management shake-up of the Co-operative Wholesale Society should go ahead.

Voting papers will be sent out *later this week and a decision* is expected in early December. The vote will be on whether the CWS board of dirctors should have a full-time chairman to *oversee the work of the CWS* executive management.

In a report considered by the CWS board in the summer, it was argued that the chief executive's *role should be to concentrate* on overhauling the management structure to meet the needs of the retail societies.

The CWS, *which is the largest* food manufacturing and wholesale organisation in Europe, is wholly-owned by the retail societies.

But many societies feel there could be closer liaison between the CWS management and the retail societies. A full-time chairman, it is argued, could provide *a bridge between management* and the societies. He would also "liaise with the commercial world generally."

Mr. Peter Paxton, the part-*time chairman of the CWS* and the front runner for the full-time chairmanship, if this is created, told a meeting of retail *societies at the weekend that* CWS profits in the first half of the year "were significantly below that of last year on sales up 9 per cent to £803m."

Mr. Paxton said the CWS's financial performance was in line with the low profitability of food manufacturing generally and also reflected the burden *of high interest rates*.

The recession had hit retailing "in a big way," added Mr. Paxton. He urged retail societies to become more efficient to *avoid lower profitability*.

Contract price of naphtha cheaper

BY SUE CAMERON

A GROUP of major European chemicals companies is paying an average *of nearly $20* a tonne less for their naphtha—the most vital of the petrochemical industry's raw materials—than they were at the end of August.

The seven companies which belong to the European Naphtha Price Reporting scheme say they will pay an average weighted contract price of $310.26 a tonne for their naphtha during the final three months of this year. In *the third quarter of 1980* the price was $329.34 a tonne.

The price reporting scheme was set up earlier this year in an effort to counteract the influence of the then booming spot market naphtha price. The companies participating in the scheme are Imperial Chemical Industries, Bayer and BASF based in West Germany, the Dutch-based DSM and the French-based companies, Ato. CdF Chimie and Rhone-Poulenc.

The 5.7 per cent fall in the average weighted contract price being paid for naphtha by those in the scheme reflects the continuing impact of the world recession *which has hit hard* at European chemical producers. Demand for petrochemicals and for oil products—naphtha is made from oil—has dropped sharply since the spring of this year.

The drop in the contract price will help to ease the cost burden borne by chemical producers. But it may also make it harder for them to increase their product prices.

Last year, when naphtha prices were soaring upwards in the wake of the Iranian revolution, chemical companies managed to increase their product prices substantially on the back of their raw material cost increases.

Earlier this summer the spot market price of naphtha dropped to below $260 but it has recovered and *stands* at between $305 and $310 a tonne.

The rise in the spot market price probably reflects fears about the impact of the Iraqi-Iranian war, as well as hopes that demand for chemicals and chemical raw materials may soon start to pick up.

Motor Show proved 'a great success'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ATTENDANCE at the Motor Show was well below that for 1978. But organisers and exhibitors yesterday described the event as a great success.

Over the 12 days of the show, attendance reached 753,137, compared with 906,194 when the event was first staged in Birmingham two years ago.

The show, intended as a shop window for British motor industry products, was attended by more than 6,000 overseas trade visitors, compared with 5,313 in 1978.

Overcrowding which was a disappointing feature of the first Birmingham show, was avoided by changes made by the organisers, the Society of Motor Manufacturers and Traders.

But one new feature, is a perimeter fence built around the show complex to give more points of entry and to reduce queueing proved to be a problem.

The show was a financial success for the society which spent well over £1m to stage it.

The full financial details will not be known for some time. The organisers incurred substantial extra costs during the show because constant rain forced them to find alternatives to the car parks originally planned.

The society was faced with the prospect of a mass desertion by the commercial vehicle exhibitors—who in 1978 complained that their trade visitors could not get to see them.

But the new arrangements, involving two special trade days and allowing the public into the truck and allied industries' halls only after ticket-holding trade visitors had been admitted, worked well. The society has received several letters of congratulations from commercial vehicle exhibitors.

Truck manufacturers contacted yesterday said the show had been very successful in terms of establishing contacts with operators and generating *potential sales*.

And Mr. Trevor Taylor, BL Cars' head of UK sales, commented: "We have had a fantastic show. We expect sales *resulting from it to* be worth £20m."

Cadbury poised for sale of Westward TV shares

BY CHRISTINE MOIR

MR. PETER CADBURY, former chairman of Westward TV, may be ready to accept an offer for the 17.5 per cent of the voting equity he continues to hold after his tempestuous exit from the company.

But delicate negotiations may have been jeopardised by details of secret talks between Mr. Cadbury and Mr. Christopher Sporborg, a director of Hambros Bank, which appeared in the Sunday Telegraph.

Hambros is advising the Westward board. Mr. Sporborg met Mr. Cadbury last Wednesday to discuss "a number of things which needed tidying up." These included Mr. Cadbury's voting shares.

Mr. Sporborg outlined proposals to be put to the Westward board. Mr. Cadbury would receive their recommendations this week, he said.

Meanwhile, a report that Hambros had made "an offer" for the shares appeared in the Press. Mr. Cadbury said yesterday he was furious about the leak and telephoned Mr. Sporborg about it.

In fact, no formal offer was made. Both parties agree that the meeting was "just exploratory."

Mr. Cadbury said he was still waiting for a new approach from Hambros. "I am prepared to listen to any sensible offer, but I must preserve the right to protect those who stood by me in 1959 when I started the company," he said.

Mr. Cadbury said the proposals discussed covered the three possibilities facing the company after December 28 when new television franchises are awarded.

"Westward will either not get the franchise and have to be wound down; get the franchise; or have to agree to a shotgun merger with Simon Day," the other contender for the franchise.

If Westward retained the franchise he wanted to sell out but only if other original shareholders were offered the same chance.

If Westward failed to gain the franchise he thought he would be best placed to supervise the break-up of the company or its merger with Mr. Day's consortium. So he had discussed the possibility with Mr. Sporborg of an option which would allow him to buy back the shares.

Price would be an important factor, he admitted.

"Earlier this year I estimated the break-up value of the assets at 25p. Since then the ratings have fallen by 35 per cent and Lord Harris has spent £200,000"—on his action to remove Mr. Cadbury. "Mr. Sporborg thinks the asset value is now 11p."

Maternity benefits change urged

BY ERIC SHORT

MAJOR changes in the maternity benefits system were suggested by the Government yesterday.

A consultative paper published as part of the Government's review of the Social Security system sets out a range of radical alternatives to the maternity benefits system which pays out £161m a year.

The Government, while not committing itself in the paper, to any specific change, says any changes should meet four objectives — simplification of the present system, a mare equitable sharing of resources among pregnant women, a lighter burden on employers and a cut in the number of civil servants needed to run the system.

Under the present system every expectant mother receives a £25 lump sum maternity grant and women who qualify through past employment also receive a weekly maternity allowance—both these payments are made from the National Insurance Fund.

The possible options set out in the paper are:—

● Concentrate all resources in making a single lump sum maternity grant of about £140 against the £25. There would be no weekly income payment. Alternatively, the payment could be £200 for the first child and £80 for each subsequent child.

● Leave the grant at £25 and make the employer responsible for paying the weekly maternity income payments, with the employer being reimbursed. The Department of Health and Social Security would be responsible for the income payments to women without an employer, such as the self-employed. An income of £30 a week for 13 weeks or £22 for 18 weeks is envisaged.

● Increase the maternity grant to £80 and pay the existing maternity allowance, but abolish the maternity pay.

* *A Fresh Look at Maternity Benefits, price 50p from the Department of Health and Social Security (Branch A3), Room 316, Friars House, 157-168 Blackfriars Road, London SE1 8EU.*

'Massive counter claim' by Norwest

ALLEGATIONS of incompetence and breach of duty are made by the civil engineer and building contractor Norwest Holst in its defence to a damages claim by Mr. Denis Boucher Le Mare, the dismissed chairman, Mr. Stanley Brodie, QC, told the High Court yesterday.

In his pending action Mr. Le Mare, who lives in Andorra, claims damages for wrongful dismissal in his removal as chairman of the company in 1977.

Mr. Brodie, for Norwest Holst, applied for an order requiring Mr. Le Mare to put up security for costs of the action.

He told Mr. Justice Gibson that hte company asserted that dismissal was justified because of "certain breaches of duty." Complaint was made of the competence of Mr. Le Mare in that he took the company into "a number of disastrous foreign ventures."

Mr. David Barker, QC, for Mr. Le Mare, said that a massive counter-claim by the company against Mr. Le Mare was designed to discourage him from bringing a perfectly proper claim. The company, he added, chose to raise allegations at the last moment so that an estimated five-day trial had been converted into a four-week case with massive costs.

Mr. Justice Gibson directed Mr. Le Mare to provide a further £25,000 as security for costs.

£2.8m bank loan case may be re-opened

A FORMER construction company chairman who last March was ordered to repay bank loans and interest totalling £2,857,000, was yesterday given leave to bring an appeal against the order outside legal time limits.

Counsel for Mr. Derek Barnes told the Court of Appeal in London that the appeal might take up to six weeks. The original High Court action brought by Williams and Glyn's against Mr. Barnes lasted 104 days and cost an estimated £500,000.

Mr. Barnes, 43, of Whims Lane, Read, near Burnley, Lancs, borrowed £1,787,710 from the bank in 1972, partly for his own use and partly to purchase more shares in house builders Northern Development (Holdings)—now in the hands of a receiver—of which he was then principal shareholder.

Mr. Ian McCulloch, for Mr. Barnes, told the Appeal Court that a new team of counsel had been instructed and it was felt that there was some possibility of success on Mr. Barnes's counter-claim against the bank.

Earlier, Mr. Michael Crystal, for the bank, said Mr. Barnes had admitted massive liabilities and no assets. The bank took the view that Mr. Barnes had no genuine intention to persue his appeal.

Bibby Line to quit Dart Containerline

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BIBBY LINE, the Liverpool shipping company, is withdrawing from Dart Containerline, the North Atlantic container shipping operation.

It has agreed to sell its one-third stake and its ship, Dart Atlantic, to the other two shareholders, the C. Y. Tung group of Hong Kong and Compagnie Maritime Belge. The sum involved has not been disclosed.

The move is seen as the first step in rationalisation of the C. Y. Tung group's container-shipping interests on the North Atlantic.

C. Y. Tung took a one-third stake in Dart in 1973, and earlier this year took over two British shipping companies, Furness Withy and Manchester Liners.

Manchester Liners, which sails between the UK and Canada, has been losing money for some time. The Tung group is known to have been investigating ways of improving its financial position.

One container ship, Manchester Vigour, has been sold and two more are understood to be in process of being sold.

Dart has four container ships in the North Atlantic, each with a capacity of about 1,600 20-ft equivalent units. In terms of capacity they are about three times the size of the four Manchester Liners ships on the North Atlantic.

Bibby Line became involved in Dart when it took over Bristol City Line in 1972. In common with other UK shipping companies Bibby has suffered as a result of the recent shipping slump.

Dart was Bibby's only container-shipping interest. It intends to reinvest the proceeds in other parts of its business.

Fleetwood trawler repairer to close

James Robertson and Sons, which runs Fleetwood's ship repair unit and makes trawler winches, is to close with the loss of 122 jobs.

The parent company British United Trawlers said yesterday that James Robertson had faced extremely difficult trading conditions because of the spectacluar decline of the trawler industry, the engineering recession and intense competition in the winch market.

Councillor Frank Townend, Mayor of Wyre, said the decision was "devastating."

Mr. Jim Cross president of the local trawler owners' organisation, said it would be another nail in the port's coffin. Major trawler repairs would have to be done by companies outside Fleetwood.

The 97-year-old company has had much of its workforce on short-time for some months, and last month announced the closure of its iron foundry, the last on Lancashire's Fylde coast.

● Bristol Street Motors announced yesterday that it is to close is Derby depot with the loss of 90 jobs. The closure of the Stoke-on-Trent depot was announced recently.

The company said the Derby closure was due to substantial losses at the depot and uncertain prospects. Earlier this year the company closed its Hedon operation.

● A plastics company which has been forced to put 85 workers on short-time because of the recession plans to boost production with the manufacture of nuclear fallout shelters.

A prototype developed by Linecross Plastics of South Luffenham, Leicestershire, has been designed to protect a family of four from radiation and will sell for about £2,500.

The company said yesterday: "There is increasing public concern about the possibility of a nuclear war. People recognise the dangers and they want to be prepared."

Another stockbroker reverts to partnership

BY CHRISTINE MOIR

CAPEL-CURE MYERS, the stockbroker, has reverted to a partnership after five years as a limited liability company.

The change of status was made for tax reasons and follows several similar reconstructions of Stock Exchange firms in the past year.

In the mid-Seventies many broking firms opted to become companies to take advantage of the much lower rates of corporation tax compared with the top rate of personal tax.

That differential has now been largely eroded, and firms which became companies see a partnership as offering greater flexibility in management.

Mr. Andrew Hugh Smith, the senior partner of Capel-Cure Myers, said yesterday that a partnership also offered younger employees an easier route to participation in the firm.

In a company structure new equity partners would have to buy stakes on the basis of an independent valuation.

All the existing principals of Capel-Cure Myers have become partners, with the exception of two who become associates.

Mr. Michael Bonsor has joined the partnership, where he will be involved in corporate finance activities.

BA pledge as holiday price war begins

By Maurice Samuelson

BRITISH AIRWAYS yesterday entered the travel operators' war for next year's holiday business by offering customers a guarantee against last-minute surcharges due to inflation.

It also claimed that hundreds of the summer holidays offered in its Sovereign and Enterprise brochures would be up to £60 cheaper than those of rival companies, with many cheaper than this year.

The guarantee against inflation surcharges is on brochure prices for holidays paid in full at the time of booking, before January 10, 1981. Earlier this month Cosmos also offered guarantees against surcharges. But unlike BA, Cosmos sought a £5 premium on holidays to the Mediterranean and £8 on those to the U.S.

Mr. Jim Harris, BA's controller for UK and Ireland, claimed that the airline was able to undercut major competitors because of the hotel rates it had negotiated.

The Enterprise brochure features 95 destinations, including Kenya and Florida, and departures from Edinburgh, Gatwick, Manchester and Glasgow. Sovereign is aiming at the quality market with departures to 129 destinations.

Like Enterprise, Sovereign offers a no-surcharge guarantee for holidays paid before January 10. For the rest of the season, a standard 10 per cent surcharge limit guarantee applies to both programmes.

Many holidays, particularly in Spain and Greece, are cheaper than last year.

Channel dispute cost AA over £100,000

THE AUTOMOBILE Association paid out over £100,000 under its 5-Star travel insurance contract on claims made after the French fishermen's blockage of the Channel ports in August and September.

Most of these claims, which average about £30, were made for additional expenses incurred when motorists were diverted to ports in Belgium which was not affected by the fishermen's action. The claims included the cost of unscheduled overnight stops brought about by the crowded sailing schedules.

The AA said that some holidaymakers covered by the 5-Star Plan were unable to meet any extra expenses when they reached the Channel ports because they had run out of money. In such cases, the AA paid the value of their claims on the spot.

More than 400,000 travellers are annually covered by the 5-Star policy. The personal security component of the cover is underwritten by the UK branch of AA's leading U.S. company.

Flexible top-up mortgage

THE EQUITY and Law Life Assurance Society yesterday launched a new top-up mortgage scheme in conjunction with Lloyds Bank. The top-up mortgage, in addition to that granted by the building society, will be given by the bank. Both mortgages, building society and top-up, will be repaid by Equity and Law endowment policies.

The inquiry for the top-up would normally come through Equity and Law sources, but the decision to grant the top-up would be made by Lloyds personnel. The top-up mortgage must not be greater than the main building society mortgage, and the combined mortgages not greater than 80 per cent of the value of the property. The house-buyer can use any Equity and Law endowment —with-profit, non-profit or low cost—to repay both mortgages.

Interest-charge premiums

COMMERCIAL CLIENTS of Royal Insurance will be able to pay their general insurance premiums over 10 months on a generous interest-charge basis.

Under the new scheme, Italment Premiums 10, provided the premiums are at least £1,000, clients can pay in 10 equal monthly instalments at a flat interest charge of 5 per cent—equivalent to an annual rate of 14 per cent.

The scheme is designed to work in conjunction with the existing Instalment Premium 5, under which payments can be made in five equal monthly instalments. It is to help clients to meet their premiums without imposing too great a strain on cash flow when the insurance is taken out or renewed. Special arrangements exist for clients paying more than £15,000. The new scheme does not apply to life and pension contracts.

TUC seeks return to Finniston plans for engineering

BY ELAINE WILLIAMS

THE TUC will ask Sir Keith Joseph, the Industry Secretary, today to revert to the original proposals of the Finniston Committee on the engineering industry.

It will tell Sir Keith that his plan to establish a voluntary chartered body rather than the statutory engineering authority recommended in the Finniston Report will amount to setting up a "lame duck, starved of Government funds and dominated by institutions that have failed the engineering industry in the past."

But the CBI announced yesterday that it "broadly welcomed the Government proposals" provided employers interested are adequately represented.

The CBI wants at least half the members of the new body to have experience as employers, though there should be no more than 18 council members. The CBI considers that such a high level of employer representation is essential if the body is to have "influence and credibility."

A TUC delegation to be led by Mr. Ken Gill, of TASS, the white-collar section of the Amalgamated Union of Engineering Workers and a member of the TUC general council's employment policy and organisation committee, will urge Sir Keith to give the new engineering authority powers to provide "strong leadership" from the start.

The Finniston Committee saw the engineering authority with statutory powers as the heart of its recommendations to revitalise the engineering industry, but this was the first recommendation to be shelved by Sir Keith.

The Government has yet to hear from the Engineering Employers' Federation, which will decide by the end of the month whether it will join the CBI in its support of the Government proposals.

Cost-conscious BSC creates finance post

BY ALAN PIKE

THE British Steel Corporation's drive to bring its finances and costs under control was taken a stage further yesterday with the appointment of Mr. Colin Barker as managing director, finance.

Mr. Barker, 54, is currently ITT Europe's group general manager for consumer products. He has formerly been director of finance at Ford of Britain, Associated Portland Cement and Standard Telephones and Cables, the ITT British subsidiary.

When Mr. Barker takes over next week, BSC's existing finance and supplies division will be split. Mr. Frank Holloway, currently in charge of the combined division, will become managing director, supplies and transport.

This is intended to give Mr. Holloway more time to concentrate on what Mr. Ian MacGregor, BSC chairman, regards as the crucial job of reducing the corporation's costs for supplies and services.

BSC said yesterday that Mr. Barker had "exceptional experience" of financial and cost control as well as internal audit functions, especially during periods of restructuring.

Mr. Colin Barker

Improvement in jobless rate after 1981 foreseen

BY OUR FINANCIAL STAFF

UNEMPLOYMENT is unlikely to decrease next year, but from then on the jobless rate should decelerate sharply, Sir Peter Carey, permanent secretary at the Industry Department, told the Glasgow Chamber of Commerce yesterday.

He said that although the long-term outlook for industry was bright, he saw little prospect of growth in the next few years. The 1980s would be a "period of transition which is always a bit painful."

There would be a move out of older industries into new industries as a "big technological revolution" went on.

"In the 1990s there will be a different pattern of industry, requiring different skills. People will change their jobs rather more frequently than they did in the past."

Earlier, the Chamber of Commerce was told that in its survey for the three months to the end of September, the percentage of businesses reporting a decline in home market sales had increased very slightly compared with the past quarter. Export sales and orders showed a marginal improvement for the first time in more than a year.

Clarity by actuaries urged

BY ERIC SHORT

ACTUARIES need to establish a common understanding with accountants on the funding of company pension schemes, said Mr. Tony Ratcliff, chief general manager of Eagle Star Holdings, in his presidential address to the Institute of Actuaries in London last night.

Pension fund contributions of 30 per cent of the payroll or more were not infrequent, he said. Shareholders were entitled to a much clearer understanding of the degree of funding required to meet future pension liabilities, and should be told of the possible future trend in funding requirements.

Mr. Ratcliff said he believed that where there was a high proportion of pension contributions, auditors could not certify shareholders' accounts without such information.

Actuaries had also allowed confusion to creep into their terminology regarding pension scheme funding. It would be inappropriate to lay down standards, but actuaries should be prepared to agree a definition of terms. They should, moreover, disclose sufficient information to enable auditors to certify accounts.

Pair of Minton oviform vases fetch £5,000

SALEROOM

BY PAMELA JUDGE

A LARGE pair of Minton pate-sur-pate two-handled oviform vases decorated by Louis Marc Solon in white slip on olive green and inscribed in gilt "Louis W. Winans, February, 1896" was bought at Christie's sale of ceramics in London yesterday by Rare Art of New York for £5,000. The total for the morning was £75,379.

A pair of three handled Minton vases decorated and inscribed in a similar manner to the top lot made £3,000.

A large Sevres-pattern ormolu-mounted oviform vase and cover painted by H. Desprez with scenes of Napoleon's retreat from Moscow realised £3,000 as did a pair of Sevres-pattern bleu-nouveau ormolu-mounted pot-pourri vases and covers. Another pair of Sevres-pattern vases and covers painted by H. Desprez also made £3,000 and went to Sinai Antiques.

At Sotheby's autograph letters, manuscripts and historical documents fetched £41,567. An extensive collection of signed photographs of film stars and entertainers made the highest price at £1,400.

Many of the items related to the Beatles; an American gave £160 for a signed photograph of the group, and the Theatre Museum gave £100 for a collection of 40 early photographs.

Japanese works sold by Sotheby's Belgravia amounted to £78,262. A large bronze figure of an Oni was bought by K. Page at £1,900. A black and gilt lacquer writing desk sold for £1,600 and a large cloisonne vase made £1,250.

JOBS COLUMN

How to reveal a sound personality

BY MICHAEL DIXON

WHATEVER the Jobs Column has lacked over the past 7½ years, it has not been a supply of readers evidently ready to take instant offence at almost anything. So when advising job-applicants a week ago to adopt redundancy counsellor Tom Carew's policy of treating interviews as a game to be played with carefully prepared and well rehearsed cunning, I naturally expected to be clobbered for recommending such deviousness.

But it hasn't happened. All of the 20 or so comments received so far—including three from the recruiters' side of the employment market — have approved of the recommendation. The only one which waxes indignant is from a reader who seems to think that I did not go far enough.

His charge is that in supporting Mr. Carew's approach to being interviewed (which is, of course, only a part of the job-hunting strategy advocated by his consultancy, Percy Coutts), I implied that preplanned deviousness by a job-candidate is unfair.

"The point is that the candidate is usually like a witness under cross-examination without the benefit of re-examination by his or her own counsel," snaps this reader who, since he wishes to remain anonymous, I will call Bad-tempered of Bristol. "So there is a tendency for candidates to leave the interview without having 'got over' their own (real) strengths.

It is not a case of flannelling, but of avoiding being demoralised by the interviewer who has all the advantages."

Wasn't it Shakespeare who wrote: "Blow blow thou winter wind, thou art not so unkind as man's ingratitude, etc."? If so, the Jobs Column now knows how he felt at the time.

Last Tuesday's article did not imply that it is unfair for interviewees cunningly to promote their strengths and camouflage their weaknesses. My point was that unless they precede such tactics with painstaking thought and rehearsal, they would do better to shun games-playing and proceed straightforwardly as the interviewer would prefer.

It must be admitted, however, that the past few days have supplied evidence that I was wrong to exclude from last week's column one of Tom Carew's specific suggestions. It is his recommended response to the question: "Would you mind taking a psychological test?"

"Of course not," he advises. "Welcome it, and make sure you give the answers appropriate to the job. You only answer psychological tests straight when you are hiring the psychologist."

That seemed to me a bit too cynical to be wise. . . until at the Institute of Personnel Management's conference the other day I heard Dr. Pat Elliott of Trinity College, Dublin, talking about his study of how different sorts of job-candidates tackle personality tests.

What this study indicates, he said, is that candidates who don't fake personality tests when a job is at stake, "are a very odd bunch of people indeed!"

When I asked for more information, Dr. Elliott said detailed explanation must wait until he has finished writing up the research. But, broadly speaking, the odd bunch who do not fake consist of two main groups.

The difference between these appears to reflect the time-honoured psychological formula for differentiation between a psychotic and a neurotic. A psychotic is someone who knows the world is flat; whereas a neurotic thinks the world is round, but is worried about it.

The first, smaller group who do not fake personality tests evidently consists of people in whom the urge to reveal what they see as the truth about themselves over-rides all other considerations. The second lot answer straightforwardly because they are too neurotic to make up their minds which kind of fake response best suits the circumstances.

Now for some jobs. Where the employer is not named, the recruitment consultant dealing with initial selection guarantees to honour any applicant's request not to be identified to the company concerned until specific permission is given.

Euro-control

DAVID MASON JOHNS, of Knight Management Services, is seeking a European finance manager on behalf of a United States group which produces and markets automatic testing equipment and allied services.

Based near London and reporting to the director of European operations, the recruit will be responsible for the control of the financial and associated administrative affairs of half a dozen subsidiary companies in Europe. There will be three headquarters staff in direct support.

The main tasks of this job will be the analysis of monthly results, the preparation and consolidation of forecasts, the development of computerised and other information systems, and the control of assets. There will be considerable travel within Europe, and occasional trips to the U.S.

Candidates should have at least 10 years experience in financial management—which should have included spells in the distribution business, in a job entailing international dealings, and in a company which observes the managerial customs peculiar to U.S. corporations.

One of these is to prefer candidate with a high degree in management, as well as the essential accountancy qualification.

Mr. Mason Johns says that the salary will be up to £30,000 or thereabouts, and that there will be a car among the perks. His address is 14 Old Park Lane, London W1Y 4NL, and his telephone number is 01-491 4706.

TWO POSTS on the Continent are being offered through consultant Dirk Degenhart.

The first is for a general manager designate for a small but expanding subsidiary in Germany of a British group which markets power-handling equipment for the chemicals, plastics and pharmaceutical industries. The need is for someone fluent in both English and German with a record of successful management of marketing operations of similar kind, based on first-hand experience of selling preferably, of course, in Germany. The salary indicator is DM 90,000, and perks include a car. Base is near Cologne.

The second opening is for a head of electronics development at the central research and development laboratories in Neuchatel of the Swiss ASUAG group, best known for Longines watches. But the job is to lead the department concerned with developing and producing new electronic equipment and systems for medical and scientific uses.

Managerial skill must be supported by experience in the production as well as the design and development of electronic equipment, and practical knowledge of analogue and digital circuitry design is important. Fluent French and/or German in addition to English would help. Salary is not quoted, but my guess would be somewhere between 60,000 and 80,000 Swiss francs.

The address for inquiries is 140, Sloane Street, London SW1X 9AY; tel. 01-730 0341 or 5608.

Ten sellers

ANTHONY TAYLOR, of Jackson Taylor Executive Consultants, seeks 10 sales managers to be based at the stores in various parts of the United Kingdom of a large retail furnishing company. Experience in the same field would be an advantage, but it is not essential. Success in managing small teams in generating sales against fierce competition is the principal, and indispensable need. Base salary £11,000 to £12,000, plus bonus expected to raise earnings to £20,000 or more.

Inquiries to Mr. Taylor at Court Chambers, 2, Coniscliffe Road, Darlington DL3 7RG; tel. 0325 55426, telex 58500 JTTD G.

COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS FUEL COSTS

The member lines of the above conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian maritime, St. Lawrence River and Great Lakes Ports have continued to monitor bunker costs on a monthly basis and the result of this monitoring shows that the position as at 15th October 1980 justifies an increase in the present level of bunker surcharges applicable. At the same time the member lines have agreed to a change in their shortfall recovery/surplus elimination arrangements aimed at alleviating the impact on shippers of such adjustments and have agreed that, in future the shortfall recovery/surplus elimination factor will be on a graduated scale in steps of $1.00 rather than the existing $2.00 adjustments. As a consequence the present $2.00 shortfall recovery element of the existing bunker surcharge will be reduced to $1.00 thereby minimising the impact of the latest increase justified under their calculations.

Accordingly with effect from 15th November 1980 the bunker surcharge applicable will be adjusted to the following basis:—

$8.30 per ton weight (1,000 kilos) as freighted
$5.90 per ton measurement (cubic metre) as freighted

Minima for containers moving under services 1 and 2:—
20' containers—$98.00
40' containers—$145.00
Maximum per container:— $265.50

The bunker surcharge will continue to be exempt from the conference currency adjustment factor and will not apply to Toronto/Hamilton additionals.

Any future changes to the bunker surcharge resulting from the monthly monitoring will be announced as and when warranted.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Co. Ltd.
Hapag-Lloyd A.G.
Manchester Liners Ltd. & Golden Cross Line Ltd. Joint Membership

Canadian Atlantic Freight Secretariat Ltd., Secretaries

Cunard Building,
Liverpool L3 1DS
October 1980

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN KOMATSU LTD., TOKYO

We are pleased to confirm that copies of the Semi-Annual Report for the six-month period ended June 30, 1980 of Komatsu Ltd., Tokyo, and Consolidated Subsidiaries, are now available to EDR Holders upon application to the following conversion agents:

Citibank Branches in Amsterdam, Frankfurt, Brussels, Paris and Milan and at: Citibank (Luxembourg) S.A., Luxembourg,
Kredietbank S.A., Luxembourgeoise, Luxembourg.

CITIBANK, N.A., Depositary.

336 Strand,
London WC2R 1HB.
October, 1980.

KONISHIROKU PHOTO INDUSTRY CO., LTD.

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that the shareholders' register will be closed from October 21, 1980 to November 20, 1980. Accordingly during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs.

EDR Holders are further informed that October 20 is the record date for determination of persons who will be entitled to receive the interim dividend.

With effect from October 16, 1980 the shares will be traded ex-dividend and EDR holders are advised that Coupon No. 7 to the EDRs will, subject to Directors' approval of the dividend, be used for the purpose of claiming such dividend, and will be deemed to have matured on that date. Accordingly Coupon No. 7 should be detached from any EDRs presented for surrender and will not be issued with any new EDR.

Subject to Directors' approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend, together with the procedure to be followed for obtaining payment thereof, as soon as practicable after receipt of the dividend by the Depositary. Only upon such notice will any payment be made against the presentation of Coupon No. 7.

THE CHASE MANHATTAN BANK, N.A., London, as Depositary.

October, 1980.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

SPECIAL RESOLUTION pursuant to sections 141 (2) and 278 (1)(b) of the Companies Act 1948 of the Institute of Building passed 22 October 1980.

At an Extraordinary General Meeting of the members of the above-named Institute, duly convened and held at Englemere, Kings Ride, Ascot, Berkshire SL5 8BJ, on 22 October 1980, the following Special Resolution was duly passed:—

"That the Institute be wound up voluntarily, and that Gerrard Charles Peat FCA, of Peat Marwick Mitchell & Co., be and he is hereby appointed Liquidator for the purposes of such winding up and that any property remaining after the satisfaction of all the debts and liabilities of the Institute be transferred to the Chartered Institute of Building."

The Institute was granted a Royal Charter of incorporation on 25 September 1980 and the voluntary winding up of the Institute of Building is a necessary prelude to its reconstitution as the Chartered Institute of Building.

MANAGEMENT COURSES

BASICS OF PROJECT MANAGEMENT October 31-November 2, Rugby, Warwickshire. Details 01-799 3182.

BOND DRAWINGS

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
U.S.$20,000,000 6.5/8% 20 Year Bonds of 1967
Due 1st October, 1987

The Commission of the European Communities informs the Bondholders that a selection by lot for a principal amount of U.S.$533,000 has been made for redemption in the presence of a Notary Public on 3rd September, 1980 by Banque Internationale a Luxembourg.

The serial numbers of the coupon Bonds to be redeemed are as follows:—

M 215	275	321	346	350	363	370	389	441	467
521	522	528	583	699	717	739	763	791	792
829	832	857	919	931	935	1012	1045	1054	1083
1109	1159	1183	1348	1359	1360	1375	1390	1420	1431
1471	1482	1526	1648	1691	1735	1738	1780	1852	1904
1968	1974	2038	2057	2098	2215	2229	2283	2288	2294
2376	2387	2390	2435	2461	2539	2540	2591	2676	2685
2727	2761	2769	2797	2879	2990	3006	3031	3038	3042
3100	3104	3115	3171	3216	3326	3363	3415	3429	3432
3436	3441	3454	3466	3491	3497	3508	3564	3668	3808
3831	3834	3835	3862	3895	3921	4036	4038	4107	4306
4309	4336	4371	4435	4452	4520	4619	4624	4758	4761
4764	4771	5220	5277	5285	5339	5367	5368	5390	5406
5460	5507	5532	5544	5580	5624	5762	5858	5911	5957
5960	6070	6073	6094	6171	6246	6285	6309	6421	6422
6489	6509	6620	6624	6640	6670	6679	6692	6710	6770
6775	6893	6922	6937	6950	6973	7011	7021	7062	7072
7139	7143	7188	7191	7194	7226	7230	7239	7251	7252
7297	7310	7313	7350	7363	7371	7373	7390	7392	7414
7427	7456	7462	7470	7488	7489	7517	7521	7539	7550
7598	7601	7620	7643	7662	7681	7738	7761	7770	7774
7780	7795	7812	7847	7875	7885	7886	7901	7931	7933
7947	7955	7974	7975	7985	7998	8017	8026	8035	8039
8096	8115	8118	8129	8174	8187	8208	8221	8240	8244
8315	8342	8358	8371	8387	8388	8395	8403	8419	8427
8429	8459	8464	8465	8468	8491	8534	8538	8544	8564
8566	8598	8624	8697	8842	8882	8904	8930	8951	8952
8955	8993	9172	9178	9182	9193	9200	9223	9242	9289
9297	9367	9370	9573	9686	9809	9878	10025	10067	10081
10129	10163	10198	10242	10258	10375	10590	10795	11004	11015
11018	11022	11028	11038	11051	11068	11309	11316	11438	11537
11593	11596	11841	11850	11853	11858	11878	11890	12151	12242
12397	12493	12567	12665	12670	12679	12689	12705	12842	12960
12981	13288	13383	13433	13675	13684	13688	13700	13714	13717
13926	13951	13958	14031	14064	14085	14093	14100	14113	14125
14144	14145	14148	14718	14737	14854	14867	14950	14962	14990
14994	15004	15814	15978	15991	16092	16103	16174	16215	16231
16241	16251	16304	16367	16372	16407	16450	16454	16465	16482
16499	16516	16517	16538	16544	16593	16596	16603	16622	16667
16725	16741	16782	16835	16845	16867	17010	17025	17047	17054
17093	17095	17099	17101	17238	17323	17413	17512	17553	17650
17654	17698	17704	17711	17714	17750	17958	17961	17977	18039
18081	18172	18188	18190	18211	18217	18233	18435	18441	18469
18494	18534	18582	18585	18601	18623	18639	18650	18659	18750
18762	18766	18778	18785	18791	18798	18840	18858	18859	18863
18875	18876	18885	18927	18990	18996	18997	19009	19017	19021
19027	19030	19037	19109	19130	19141	19157	19164	19190	19212
19221	19227	19233	19236	19239	19257	19286	19289	19292	19305
19323	19331	19352	19360	19364	19384	19469	19515	19517	19521
19527	19552	19553	19565	19576	19579	19660	19673	19692	19693
19732	19754	19757	19814	19851	19859	19860	19867	19870	19904
19967									

Principal amount of bonds purchased: U.S.$817,000
Principal amount called for redemption: U.S.$1,350,000
Principal amount unamortised after 1st October, 1980: U.S.$9,200,000

The Bonds selected by lot will be reimbursed on/or after 1st October, 1980, with the coupon due 1st October, 1981 and following in accordance with the terms of payment mentioned on the Bonds.

28th October, 1980

UK NEWS

Crisis in the Potteries as profits are squeezed

BRITISH manufacturers of domestic pottery and ceramic products are likely to achieve record export sales this year of about £200m, but the figure obscures the fact that many of the companies will be lucky to survive until 1981.

There is little doubt that the severe and prolonged squeeze on pottery profits, which has resulted from sterling's strength and high interest rates, is bringing basic changes in the industry's structure, some of them long overdue.

There have also been hundreds of redundancies and a number of closures recently, which would certainly have been more widespread were it not for Government short-time working compensation, which is underpinning much of the industry.

The frustrating aspect of the market for many companies is that in terms of volume, export demand is good but prices and profits, particularly in overseas markets, are abysmally low.

Economic conditions have also made it apparent to some manufacturers that investment in new equipment is essential, and despite an unusually high degree of union acceptance for change, poor profitability and the high cost of borrowing are preventing such innovations.

Evidence of the need for new investment is most apparent in tableware, a key sector of the industry, where profits on high quality porcelain and china goods are holding up comparatively well, while those on earthenware products have suffered from severe competition.

The major markets for porcelain and china have traditionally been Canada and the U.S., and while exporters such as Royal Doulton Tableware and Josiah Wedgwood have seen margins fall as sterling strengthened, demand in North America has remained fairly stable and has increased slightly in the past few months.

The real problem in those markets is reflected in figures for the first eight months of this year, which show that while the volume of porcelain and china exports remained about the same as last year—about 3,600 tonnes—sales in sterling terms rose by only 12 per cent to £19m.

Nevertheless, this sector faces relatively little competition in North America, while earthenware exports are increasingly being challenged worldwide by producers in developing countries such as South Korea. In spite of great improvements in EEC sales this year, prices have hardly risen.

LORNE BARLING investigates the unemployment crisis in the North Staffordshire pottery industry following emergency talks yesterday between Lord Trenchard, Minister of State at the Department of Industry and a deputation of MPs, union officials and industrialists. About 7,000 pottery workers have been made redundant and another 25,000 are on short-time.

In response to this competition, many producers would like to move up market, as some now realise they should have done years ago, but cannot do under present economic conditions. They would also like to introduce more labour-saving equipment to counter low Third World production costs.

"Although things may seem alright in the industry, temporary employment subsidies are masking the seriousness of the situation. If they were to end there would certainly be closures," one senior executive said.

The response of larger companies such as Royal Doulton has been to make cuts at the lower and least profitable end of their product range, with consequent redundancies.

The view of Mr. John Bellak, managing director of Royal Doulton, is that the industry must adapt to market conditions, learn to live with a strong pound, and reap any benefits later.

For an industry where more than half the total output is exported and where a large proportion of quality tableware sold in the UK is bought by tourists, sterling remains a vital factor.

Since the boom year of 1977, when tourism was boosted by the Jubilee, the home market has declined steadily, with more price competition from importers who began taking advantage of the weakness of their currencies against sterling.

Josiah Wedgwood, also highly dependent on the North American market, is cautious about the recovery of the U.S. economy and is therefore encouraged by improvements in European sales. This has been offset, however, by lower volume in the home market.

Ceramic tile manufacturers have experienced similar pricing problems recently, faced with severe competition both at home and abroad from Italian, Spanish and Brazilian companies. The UK market is described by its leader, H. and R. Johnson-Richards, as having been "under siege" for the past few years.

During that time importers have increased their share from about 5 per cent to 30 per cent.

Johnson-Richards acknowledges that it needs to invest heavily in new equipment to reduce labour costs, in spite of having shed about 500 of its 4,400 employees in the past year and shut down 15 per cent of its plant.

Overall, the UK pottery industry accepts that some of the cuts forced on it by the recession have been necessary, but many companies fear that unless profitability can be restored in some measure, the damage will outweigh the benefits.

Rise in latex foam prices to hit struggling carpet manufacturers

BY RHYS DAVID

INTERNATIONAL Synthetic Rubber (ISR), the latex foam supplier owned by a consortium of European and U.S. tyre groups, told customers in the fragile European carpet industry that it can no longer delay price increases for foam backing materials.

The company, which has plants at Fawley, Southampton and Grangemouth in Scotland, claims about 30 per cent of the European market in foam backings.

Its total output of latex is split roughly equally between its original business—synthetic rubber for tyres—and non-tyre applications, such as carpet backing, furniture, bedding and strengthening for plastics.

ISR has been seriously affected by the weakness over the past two years of its carpet industry customers, particularly in the UK where output, according to the company, appears to be down by as much as 30 per cent this year.

ISR, which had considerable difficulty getting customers to accept price increases earlier this year, is likely to make a loss this year. This would add to the problems of its tyre industry owners, which are suffering from the recession in the European motor industry. ISR made only a small profit last year on a total turnover of £80m, and was in deficit in 1978.

Dr. Brian Ridgewell, general manager of ISR's latex and plastics division said yesterday that, in effect, prices had not moved for about two years, and that the 7 per cent increase to be introduced was the minimum needed. The company hopes that its price rise will be followed by its main European rivals—Huels and Polysar—both of which supply the continental market.

Upward pressures on petrochemical prices in recent weeks are also cited by ISR as a reason for the decision to act now. The company claims to be one of the world's biggest free buyers of butaliene, an oil-based raw material, and says that it has already had to absorb substantial increases in wage and other costs, including energy.

Cuts of about 15 per cent in the company's labour force have already been made in an effort to reduce overheads.

ISR is planning to implement the rise first in Belgium and then next month in West Germany, where it sees some signs of a pick-up in activity among carpet manufacturers as destocking by retailers begins to tail off.

A significant premium is already being asked for a new latex type introduced by the company this autumn, which it claims gives considerably improved performance over existing types. It is said to be selling well on the Continent.

The rises are likely to be delayed in Britain until after the New Year. Conditions in the UK, according to Dr. Ridgewell, remain depressed. The UK industry has been particularly hard-hit by the growth of U.S. carpet exports.

Government 'killing textile jobs'

BRITISH MINISTERS and the European Commission appeared to be "hell-bent" on seeing the UK's textile industry die, a union leader claimed yesterday.

Mr. Alec Smith, General Secretary of the National Union of Tailors and Garment Workers accused whitehall of "amazing complacency" and Brussels of "downright incompetence."

He told a union seminar at Loughborough, Leicestershire, that nearly one in every two British clothing workers had faced either redundancy or short-time working over the past year.

Some 30,000 jobs had been lost—2,500 a month—and more than 90,000 employees had experienced short-time working.

He said that while thousands were being thrown out of work, a whole range of countries were "cocking a snook" at established quota levels.

"And because of the ineptitude of the Commission they are succeeding in doing irreparable damage to the home industry. Of course, if imports were the only problem the industry had to cope with the outlook might not be so bleak," Mr. Smith said.

"Unfortunately, we are also faced with the crack-pot determination of the Government to pursue policies which can only be aimed at destroying the manufacturing base of Britain.

"The truth is that, hell-bent on their monetarist crusade, their's was a deliberate decision to crush huge parts of industry out of existence, to smash the employment prospects of thousands of workers and school-leavers and to destroy the livelihood of families across the land."

Mr. Smith said the pound's "uncontrolled and unrealistic" increase in value against other currencies had stimulated imports and all but destroyed the exporting prospects of the UK clothing industry.

'Compelling case' for MLR cut

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMIC case for a cut in minimum lending rate is "now compelling," stockbrokers L. Messel says in a new circular.

The brokers estimate that sterling M3, the broadly defined money supply, may have risen by between three-quarters and 1½ per cent last month, though this may have been affected by the "bogus influences" of round tripping and lending to the Euro-sterling market.

L. Messel say that, on the face of it, this is barely satisfactory and not a justification for reducing MLR.

"However, all indicators, with one exception, now point to an economy taking an unpleasant dose of monetary restraint. Output, employment, and inflation are falling while the current account is in large surplus and the exchange rate is disagreeably strong. The one exception is the money supply itself."

The brokers predict that the money supply figures should improve in the second half of 1980-81 irrespective of interest rate levels.

"It is also difficult to feel that borrowing by the corporate sector is responsive to interest rates at present, since much of it is either interest charge debiting or undertaken for emergency reasons. Slightly lower interest rates would not stimulate credit demands," they say.

Brokers Laing and Cruickshank suggest that MLR will be reduced gently as inflation comes down, starting with a one point cut in November and a two point reduction between January and March.

They say the Government will be unable to reduce public sector borrowing to 3 per cent of gross domestic product in 1981-82.

The implied figure in the medium-term financial strategy is £7½bn, whereas on unchanged policies, the prospect is for borrowing of £12bn next year. Rising unemployment in the private sector will have a more powerful effect on borrowing than cuts in public sector pay.

Electricity board worried by Isle of Grain formula

BY NICK GARNETT, LABOUR STAFF

TWO FURTHER steps were taken yesterday at a meeting between trade union officials and the Central Electricity Generating Board towards finally settling the dispute at the Isle of Grain power station.

The board expressed some unease, however, at the nature of part of the Trade Union Congress formula which was eventually accepted last week by all the unions on the site—thereby averting a serious split within the TUC.

The board also made a blunt warning to the unions that it was facing very serious cost problems on the building of power stations. These had resulted partly from labour difficulties and it said it was seeking far greater co-operation from unions if it was to maintain and expand development.

Yesterday's meeting, which involved representatives of nine unions as well as the TUC and the CEGB, decided that the General and Municipal Workers Union would enter negotiations with members of the Thermal Insulation Contractors Association. This was with a view to reaching an agreement which would incorporate productivity arrangements harmonised with those currently in operation.

An agreement on productivity will provide the basis for the GMWU to do lagging work on the site's Unit 3.

> Unions believe the board will make some sort of pay off to the trainee laggers.

Alongside these talks, the construction section of the Amalgamated Union of Engineering Workers, together with the Electrical and Plumbing Trades Union, the GMWU and representatives of the CEGB will enter into negotiations with Babock Power and GEC Turbine Generators about arrangements for GMWU laggers to complete work on Unit 1.

Trainees

The replacement of craft union laggers with those from the GMWU—the traditional laggers' union — was the original point of conflict over which three unions went to the brink of suspension from the TUC.

The CEGB expressed some reservations about the accord because it says there is no work on the Kent site to which the 57 "trainee laggers" can move.

The craft unions which have been supplying these "trainee laggers" have also made it clear that they are not prepared to see the men simply shunted off the site.

There appears to be a belief among some of the unions that a rapid union-company agreement on lagging work for Unit three might tempt the board to make some form of buy-off payment for the trainee laggers on Unit one, if this proved necessary.

Relations between the craft unions and the GMWU over the Grain dispute have improved. There appears to be a willingness to co-operate as far and as quickly as possible in the hope of securing the recommissioning of Units four and five on the site.

As a result of yesterday's talks, the TUC will also convene a conference of all unions to consider where progress can be made towards developing greater conformity of negotiating procedures and compatible earnings levels on large mechanical construction sites. Talks between employers and unions are already taking place on this.

Such a move towards conformity was raised by the CEGB yesterday as a positive way in which the unions can assist the board's building programme.

Philip Bassett looks at the decision to suspend the Civil Service pay rise agreement

Pay comparability principle finally abandoned

THE GOVERNMENT announcement yesterday suspending the Civil Service's pay agreement for 1981, has effectively laid to rest for this year at least the principle of public sector pay comparability.

While the suspension of the agreement is technically only for this year, union leaders fear the break in continuity could make it easier for the Government to impose a more permanent ban.

Only the police now enjoy any form of index-linking or pay comparability. Pay research for the 550,000 white-collar civil servants began to look in danger once the Government announced in August the abolition of the Clegg comparability commission.

The commission has four final reports on relatively minor groups to deliver before sentence is carried out.

The target for the timetable is the end of the year. But there are already strong rumours that the commission may be summarily dismissed, whether it has completed its work by then or not.

Pay comparability in the Civil Service began in 1956 on the basis of the report of the Priestley Royal Commission on civil service pay, which recommended a system of fair comparisons with outside work to try to remove the issue from the political arena.

One of the most frequent complaints from the nine civil service unions since then has been the regularity with which successive government have found it necessary to haul the issue back into the political arena to try to resolve the conflict between pay research wage rises and their own ambitions for pay settlement levels.

Pay research rises have been seen by Governments to be inflationary and damaging on three main counts. Firstly, because of their effect on Government spending.

Manifesto pledge

It has been estimated that for each 1 per cent that public-sector pay is reduced below the inflation rate, there is a saving in public borrowing of some £300m.

Secondly, large settlements for civil servants — never a popular group with other workers — set a poor example for other public and private sector deals.

Finally, because of their retrospective nature — pay research shows increases that are due based on outside rises in the previous 12 months—the large awards have shown how easily many settlements have evaded pay policies.

This Government made a point in its election Manifesto of pledging that it would resolve the apparent contradiction between the pay research system in particular and comparability in general and the system of cash limits by which it intended to get to grips with public sector pay increases.

Last year the Government tried to effect this resolution by bringing in an altered timetable for the pay negotiations, so that the date for announcing the cash limit was postponed until after the findings of reports produced by the Pay Research Unit began to show a clear figure for the increase that was due.

The move came somewhat unstuck, though, partly because of an embarrassing leak to newspapers of a Treasury letter which clearly indicated two months before it was officially announced that the amount provided for pay under the cash limit would be 14 per cent, and partly because a gap was still apparent between the cash limit and the average findings of the reports which showed that an 18¼ per cent increase was due.

The gap was bridged by staging the deal and by cutting manpower by 2½ per cent, or 15-20,000 jobs. The compromise, though, was not enough to avoid criticism of the arrangements from the new and powerful Commons all-party select committee on the Treasury and Civil Service.

There is worry, too, among the unions that Civil Service Department hawks may win an argument they are currently proposing that the 4¼ per cent gap between last year's 14 per cent cash limit figure and the average 18¼ per cent settlement should be clawed back under this year's deal.

That, coupled with any action on the forthcoming Government report on index-linked pensions, could reduce an expected single-figure offer to virtually nil.

The Government was determined to act this time in a more forthright manner. So in August, three days before it announced the abolition of the Clegg Commission, Ministers called in the civil service unions to tell them in no uncertain terms that cash limits rather than pay research would be the "main determinant" of the pay increase this year.

Breakthrough

The Pay Research Unit's series of reports were still being prepared, though, and it became clear that while halting their delivery would risk provoking the unions, allowing them to be issued would give the unions the largest possible stick with which to beat the Government.

As one union official put it yesterday: "The announcemnet is probably the biggest single organisational breakthrough in civil service militancy in recent months."

The CSD thinking behind yesterday's announcement has run in tandem with a series of proposed changes in the pay research system and in the operations of the Unit itself, which was set up in 1956.

The aim of the changes was to bring market forces more directly to bear on the pay system by means of regional and incentive pay and to increase Government influence over the pay negotiations by beefing up the Pay Research Unit Board, which was set up to ensure the correct functioning of the system.

The union's however, have dismissed the changes as "irrelevant," and board members have been angered by what they see to be questioning of their own ability.

Though the changes seem for the present to have been deferred, their effect, coupled with yesterday's announcement, has been to greatly increase expectations among the unions that industrial action will have to be taken this year.

So the stage is set for what could be a confrontation. The unions' major co-ordinating committee meets today to consider responses to the suspension. Two years ago, civil service selective strikes caused considerable disruption to Government and business cash flow.

The unions are conscious that this time any action would be met with stiffer resolve on the Government's part and they are prepared for that.

The Government is in turn testing its own willingness to set industryan example on pay. But putting its own house in order, could well turn out to be a disorderly business.

Shipyard workers press on with strike

WORKERS at the Lewis Offshore shipyard at Stornaway, Western Isles, decided at a mass meeting to continue their strike until Friday.

The dispute is over the number of subcontractor employees being brought in from the mainland to carry out work instead of it being done by local labour.

It is estimated that at present there are 150 workers on the site.

The strike, which started on Friday, is affecting nine contracts at the yard, including work for Philips, Shell, Chicago Bridge Incorporated and Marathon.

Lewis Offshore recently declined to tender for a new ferry for the Western Isles council because of the amount of work they had on hand.

Mr. Angus Macleod, the shop steward, said that they had approached the management prior to the site meeting to see if there was any change in their attitude but had been informed that there was no change.

They had also been told that their dismissal notices were being prepared for posting. He said that if one of their union officials arrived they would have another site meeting prior to the one planned for Friday.

The canteen staff also decided to come out in sympathy with the main workforce yesterday.

The withdrawal of their laobur means that there will be no canteen facilities available on the site either for the staff or for the subcontract labour.

Daily Star's London print run 'at risk'

BY OUR LABOUR EDITOR

THE Daily Star may cease printing in London in the next few weeks unless print unions agree to substantial economies.

Express Newspapers, owners of the loss-making tabloid which was launched in 1978, told print union officials yesterday that it was setting a new deadline.

Mr. Jocelyn Stevens, managing director, told the unions that there had not been much response to the company's call for economies.

He was told that that was not surprising because the issue had been overtaken by the sudden announcement of the Evening News merger with the Evening Standard.

Talks between union chapels (office branches) and the company will begin today, when the required cuts may be spelt out in more detail.

At present the Star is printing in both London and Manchester, employing 640 people. Unions have been told that to revert to Manchester printing only would save £1.5m.

The unspecified deadline would only be removed, Mr. Stevens is reported to have said, if the chairman, Lord Matthews, could be convinced there was some chance of progress in the very near future. Yesterday marked the expiry of an earlier deadline set by the company.

Later that was moved forward to November 3.

Last night one union officer said the company seemed to be looking for a reduction in jobs

The Daily Star's circulation is or other costs of 5 per cent. just over 1m, compared with the 2m target set at its launch, and losses are running at about £750,000 a month. Losses could total £6m this year.

Seamen meet Matthews over Cunard dispute

BY PAULINE CLARK

LEADERS of the National Union of Seamen met Lord Matthews, chairman of Cunard, last night in an attempt to find a way out of the dispute over flags of convenience.

It was the first meeting between the two sides since last Thursday, when talks at the offices of the Advisory Conciliation and Arbitration Service failed to find a basis for agreement.

The union has sent instructions to its members to take industrial action against the entire Cunard fleet in protest at the company's plans to transfer two of its Caribbean cruise liners to the Bahamian flag.

It has also called a one-day strike in British ports on November 3 in an attempt to force the company to reconsider its plans.

Mr. Jim Slater, general secretary of the NUS, led the union side in last night's talks. He has just returned from a meeting in Geneva with leaders of the International Transport Workers' Federation, where he sought international support for the NUS action.

Action by seamen in Britain has already stranded two of Cunard's 26-strong cargo fleet in Southampton and another in Sheerness.

One of the cruise ships, the Cunard Princess, was yesterday sailing its Caribbean route, already flying the Bahamian flag.

British merchant navy officers are in control ,but the ship is crewed by newly-recruited foreign seamen.

The Cunard Countess is stranded in Barbados, where 105 NUS members are staging a sit-in.

The union's plan to immobilise all Cunard ships when they reach British ports was supported at the weekend, by Mr. Alex Kitson, deputy general secretary of the Transport and General Workers' Union, which represents Britain's dockers, indicated the support for the seamen.

In a letter to Lord Matthews, Mr. Kitson said: 'The plan to employ cheaper crews under flags ofconvenience...can only lead to erosion of levels of pay, conditions of employment, trade union rights, and safety standards on a wider basis."

New guide to industrial relations

By Our Labour Staff

A COMPENDIUM of collective bargaining arrangements in British industry and services is published this week by the Advisory, Conciliation and Arbitration Service.

The Industrial Relations Handbook brings up to date a similar guide first published by the Ministry of Labour in 1944 and last revised in 1960.

The ACAS handbook is prefaced by a short history of collective bargaining in Britain, a description of its institutions, and a summary of employment law, including the 1980 Employment Act.

Industrial Relations Handbook: HMSO, £5.

Walkout hits flights

KLM, Royal Dutch Airlines, yesterday cancelled a further eight flights from Heathrow following the walkout on Saturday by 150 non-managerial staff. The dispute is over new winter duties which the workers claim are unfair.

Gas pipe explodes

A natural gas pipeline supplying Western Europe with Soviet gas exploded yesterday near Forchheim, about 15 miles north of Nuremberg, Reuter reports. No one was reported injured. Bavarian state police say they have not ruled out sabatoge. The fire was brought under control after six hours.

TUC seeks ways to give unemployed a voice

BY OUR LABOUR EDITOR

A special TUC conference to consider how to give better representation to the unemployed is to be held next Tuesday.

Yesterday the TUC published a discussion document for the conference which includes a number of alternative methods, to be considered by the unions who attend.

One method would be to allow individuals to take out membership of the TUC, to which at present only trade unions can affiliate, and set up a separate section witin the organisation.

Another is to set up local organisations for the unemployed, financed by the trade union movement or by the state, and based on unemployed workers' centres.

Unions will be asked what further help they can give. A number already allow unemployed workers to stay on in membership for a reduced subscription.

The conference will also be asked to give its support to particular TUC policy initiatives on social security, manpower services — including what the TUC calls its "emergency rescue plan" for the unemployed—and on trade union education.

In a foreword to its discussion document, the TUC says that the present level of unemployment is a major challenge to the union movement.

"A whole generation of young people now face the real possibility that they might not be able to enter permanent employment, and therefore participate in the movement's activities for years to come."

UK NEWS—PARLIAMENT and POLITICS

Freeze on town hall housing cash denounced

BY IVOR OWEN

WITH THE Goverment's commitment to contain public spending, the immediate temporary freeze on all local authority housing expenditure in England announced last week was unavoidable, Mr. Michael Heseltine, Environment Secretary, argued in the Commons yesterday.

The move was bitterly denounced by Labour MPs and subjected to some criticism from the Government backbenches, notably by Mr. Alan Clark (C., Plymouth, Sutton) who stressed the need for a more selective means of dealing with excessive spending by local councils.

Mr. Heseltine, who reminded his critics on the Opposition benches that the Labour Government had also found it necessary to impose a moratorium on housing expenditure, said it was "unthinkable" that he could have countenanced a situation where there were indications that the £2.2bn cash limit might be overspent by as much as £180m.

As soon as he had discovered the risk of an overspend of these proportions, he had considered it essential to find out the precise position and to ask local authorities not to enter into any further commitments until the true position could be established.

When Mr. Frank Allaun (Lab., Salford East) asked why it had not been possible to wait for local authorities to provide the required information before imposing the moratorium, Mr. Heseltine told him: "I could not wait."

He explained that if he had announced his intention to act in a week or two's time, a large number of contracts might have been entered into in the meantime with the result that the financial difficulties would have been further aggravated.

The Minister gave no indication of the likely duration of the freeze but agreed that this was a matter of crucial concern.

Local authorities, he said, had been asked to let the Department have their revised housing expenditure estimates by the end of next week.

Mr. Gerald Kaufman, Labour's housing spokesman, recalled that a Government announcement in February reduced the housing investment programme by a third, over the previous year, bringing it down to the lowest level ever.

"You have now cut off even that miserable trickle of funds," he protested.

Heseltine: "The move was unavoidable."

Mr. Kaufman said the new freeze would be a further body blow to the building industry and, amid Labour cheers, called for the resignation of the Minister whom he described as "a disaster" to housing.

Mr. Heseltine stressed that the action he had taken would not reduce the financial allocation for housing—it was designed to ensure that it was not exceeded.

As for a decline in council house building, this was a trend which began under the Labour Government.

Acknowledging the need for more selectivity in exercising Government control over spending from town and county halls, Mr. Heseltine contended that powers in the Local Government Land and Planning Bill now being considered by the Lords would enable him to distinguish much more clearly between those authorities which overspent and underspent, both on capital and current account.

Unqualified support for the Minister came from Mr. Robert Adley (C., Christchurch and Lymington), who said the burden of rates was becoming well nigh intolerable.

As far as industry was concerned, the problems caused by the rates burden were every bit as great as those resulting from the high sterling exchange rate and any other factor in the economy at the moment.

He emphasised that Government action to control local authority expenditure would have widespread support.

Home Secretary announces measures to deal with prison officers' dispute

Whitelaw 'troops move' greeted with hostility

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ANNOUNCEMENT by Mr. William Whitelaw, the Home Secretary, that the Government is to seek sweeping new powers to deal with the prison officers' dispute was greeted with intense hostility by many Labour backbenchers yesterday.

There was also disquiet among some Conservative MPs at Mr. Whitelaw's decision to call in the army and take powers to temporarily release prisoners in custody and to free those who are nearing the end of their sentences.

Mr. Whitelaw warned that unless the Government intervened, there was a danger that there would be no places at all for new prisoners by the weekend.

There were signs of a split in the Labour ranks over the attitude which the party should take to the emergency legislation—the Imprisonment (Temporary Powers) Bill—which will be rushed through the Commons today to give Mr. Whitelaw the powers he seeks.

Mr. Merlyn Rees, the Opposition Shadow Home Secretary, declared: "Of course, we will do what we can to help"—words which brought an instant angry chorus of "No! No!" from the Labour benches.

But Mr. Rees snapped at his members: "I am speaking for anybody who faces up to the realities of the position in the prisons."

Labour MPs urged Mr. Whitelaw to go to independent arbitration on the prison officers' claim for two allowances for meal breaks. They—and some Conservatives—suggested that alternatively the matter could be referred back to the May Committee which had originally turned down the idea of the meal allowances.

The Home Secretary, however, rejected both suggestions. As far as he was concerned, the best way forward was for the prison officers to adopt the proposed new duty system now being discussed with them.

Mr. Whitelaw told the House that the other recommendations of the May Committee on pay and allowances had been accepted and implemented by the Government in a "fair and generous manner."

He said that the action of many prison officers in refusing to receive prisoners remanded or sentenced by the courts amounted to a deliberate and unacceptable disruption of the criminal justice system.

As a result, 3,500 prisoners were now being held in police cells. This meant that the police were being diverted from their regular work and the public put at risk.

To deal with the situation the army was being called in to take over additional accommodation. The new high security prison nearing completion at Frankland, near Durham, would be brought in immediately to provide emergency accommodation for prisoners.

It would have senior prison staff and a police presence but would be manned mainly by servicemen. In addition, military camps might also be used.

The provision that remand prisoners should be produced regularly before the courts would be temporarily suspended. He was seeking powers to order the temporary release—"if absolutely necessary"—of selected prisoners remanded in custody.

"This is a power I would use with every feasible safeguard," he emphasised.

He would also ask for power to restrict magistrates' courts committing people to prison for non-payment of fines or rates.

"All these provisions will be temporary and will be allowed to lapse when the present dispute is resolved," Mr. Whitelaw stressed.

"I am satisfied that these powers, regrettable as they are, are necessary in the situation which has been caused by the prison officers' action which goes well beyond the limits of what is acceptable."

Mr. Robert Kilroy-Silk (Lab., Ormskirk) said it was an extraordinary sign of failure that the Home Secretary had to come to the House to get new powers. He should announce that he was prepared to accept the result of independent arbitration "not the blunderbuss which he is now using and which will only exacerbate the situation."

Mr. Eric Heffer (Lab., Liverpool Walton) thought it was stupid that the Government was entering into a policy of confrontation with the Prison Officers Association instead of sitting round the table to settle the dispute.

From the Conservative backbenches, Mr. Edward Gardner (South Fylde) said the measures would be widely seen as regrettable but inevitable if the Government was to prevent the prison officers' action turning from a crisis into a catastrophe.

Mrs. Jill Knight (C., Edgbaston) said there was a great deal of sympathy and support from Conservative backbenchers for the Home Secretary. But she urged him to reconsider his proposal to release prisoners before their sentences had been completed.

"This is an extraordinarily dangerous action to take and could be used as a precedent in a way that would worry us all," she said.

Mr. Edward Taylor (C., Southend East) described them as "wide ranging and draconian powers" which would cause concern. He urged the Government to explain to the public that the powers were only being taken because the dispute went far wider than the question of meal breaks.

Tory MPs express worries about economic policy

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

CONSERVATIVE MPs returned to Westminster yesterday bracing themselves for another round of politically unpopular public spending cuts.

The first indications were that prolonged exposure to their constituents during the recess had led to a distinct shift of opinion. Considerably more MPs in the centre of the party were privately expressing worries about the consequences of the Government's economic policy.

With only a token whip on MPs to encourage them to come to the Commons, it was too early to get an accurate measure of backbench opinion. But the signs yesterday were that Ministers will have to work hard over the next week on stiffening backbench morale.

As one MP put it: "A few weeks outside this ivory tower and you see what reality is all about. And it's not very pleasant."

Groups of Tory MPs with special interests were already preparing to fight their own corners and mugging up on the party manifesto to see precisely what the Government's commitments were.

Some Left-wingers were arguing that a tax increase might even be preferable to cuts which would severely reduce the level of services offered by the State.

The Prime Minister can probably rely on the public support of the great majority of her backbenchers for some time to come. And there are still many Tory MPs who are convinced that the Government is on the right track.

The influential Conservative backbench Finance Committee, which is controlled by the Right, for example, may well back the drive for more cuts.

So too may some very vocal Right-wingers—even though the extra cutback could involve a reduction in dlefence spending which until now they have regarded as sacred.

One Right-winger who has long prided himself as one of the party's strongest supporters of defence expenditure said yesterday that in his opinion: "All public spending cuts are good and that, in the circumstances, must include defence."

But there seemed a greater readiness yesterday to query the Treasury's policies than there was three months ago. In some cases, the criticism was directed at individual Treasury Ministers rather than at the Government's overall policies.

In others, backbenchers were echoing the fears of dissenting Cabinet Ministers in arguing that the Treasury was in danger of driving the country still deeper into recession.

News of the Treasury's drive for further cuts came at the end of a three-month recess in which some Tory MPs had already been made uncomfortably aware of the short-term consequences of Government policies by their constituents.

Though many MPs—particularly those in safe Tory seats—would claim that the morale of their local party was in fine shape, others were saying yesterday that the combination of high interest rates, rising unemloyment and company failures was making it considerably more difficult for them to justify Government policies to their constituents.

The fact that the Treasury was asking for a sizeable cutback in defence spending had clearly shaken some MPs who will raise the subject today in the House with the Prime Minister.

One, for example, asked yesterday how on earth he could explain this to his constituents when he had spent the year insisting that the Government was committed to increasing defence spending. Most of those upset by the prospect were Right-wingers, but others were worried about it on the grounds that a cutback in defence spending would just add to the problems of the private sector.

Some Left-wing Tories, on the other hand, welcomed the fact that this time defence looked like having to make a real contribution to the cuts. They argued that the more noise Right-wingers made about defence, the better the chances for the Government of getting across the message that it was not only interested in looking after the interests of its own traditional suporters.

The Left's main concern was the prospect of further cuts in the real value of welfare benefits for the poor. Already, the leaders of last spring's campaign against a cut in child benefit were reminding Treasury Ministers of the promises they made then to increase child benefit in future in line with personal tax allowances.

Over the next few weeks, MPs will be pressing Ministers for assurances that they still stand by their previous commitments. But the indications were that the party would be asked to swallow some pretty indigestible cuts before the year is out.

In the event, backbenchers probably will swallow most of the cuts because they are divided among themselves as to where the axe should fall.

What was certain yesterday was that the one thing which would make further cuts more acceptable to the party would be the long-awaited fall in interest rates.

Jenkin firm on health service funds

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. PATRICK JENKIN, Social Services Secretary, made it clear in the Commons last night that there is no chance of the Government implementing many of the recommendations in the Black Report on Inequalities in the Health Service.

A number of proposals in it warranted careful consideration and this they were getting by the Government.

But it was not remotely conceivable that any government in the foreseeable future could contemplate earmarking funds for other parts of the report.

Anyone who thought that this could be done was living in "cloud cuckoo land."

Mr. Jenkin, who was speaking in a debate on the structure of the Health Service, was commenting on the report which was commissioned by the Labour Government and carried out under Sir Douglas Black, former chief scientist at the DHSS and now president of the Royal College of Physicians.

The Minister pointed out that the report, published earlier this year, had been welcomed by some members of the Opposition and there had been suggestions that it would form the basis of future Labour policy.

But the Conservative Government put the cost of implementing the report at not less than £2bn. Mr. Jenkin thought the document contained "a mass of interesting information even if it did not shed much light on the fundamental causes of inequality.

He declared: "I believe the Government was absolutely right to treat this report with considerable caution."

Turning to the Government's proposals for the reorganisation of the NHS, he emphasised the need for substantially strengthening management of services right down to the local level.

"Those responsible for taking decisions in the hospital and the community must have more authority, higher seniority and more autonomy," he said.

"Perhaps the loss of effective decision-making capability by hospital managements was one of the worst consequences of the 1974 changes."

● Mr. Jenkin yesterday accused the BBC that their recent Panorama programme on human organ transplants could mean patients would die because of their "irresponsibility."

His outburst, during the debate on the National Health Service, came after a Tory MP asked him to comment on the programme.

Mr. Jenkin tld MPs: "The awful thing is—the terror one has—is that patients, particularly patients requiring renal transplantation, may go without the operation they need and might die because people have been frightened unnecessarily andn irresponsibly because of the programmes put out."

Mr. Jenkin said the BBC's failure to give leaders of the medical profession an opportunity to comment on the programme was "really shameful."

And he expressed the hope that the BBC would now give the British medical profession the opportunity to answer the programme.

75% top grant for home improvement

A MAXIMUM rate of 75 per cent for priority home improvement grants was announced yesterday by the Government.

The rate will apply to work carried out on houses in housing action areas, and on houses elsewhere which are unfit, lack one or more of the standard amenities, or are in need of substantial structural repair.

Houses in multiple occupation which have no means of escape from fire are also included

Housing Minister, Mr. John Stanley said in a Commons written reply that in all other cases, the rate of grant will normally be 50 per cent in general improvement areas where it will be 65 per cent.

But he added that where there was hardship, the 75 per cent rate would be increased to 90 per cent and the 50 per cent rate increased to 65 per cent:

The Government would pay local authorities 90 per cent of the grant at the higher rate, and 75 per cent at the lower rates.

The move follows the granting of new powers to the Government under the new Housing Act.

Miners will urge their MPs to vote for Foot

By Christian Tyler, Labour Editor

YORKSHIRE miners' leaders are to use their union's considerable influence and presence in local Labour parties to try and ensure that Mr. Michael Foot getsthe vote of their MPs in the leadership election.

A resolution passed by the union's area council yesterday said that any mining MP or Yorkshire coalfield MP who acted contrary to the policy of his general management committee on this issue "cannot expect the support of the union in any future reselection process."

Miners delegates now hold sway in the trade union sections of many of the committees, including Hemsworth, Normanton, Dearne Valley, Don Valley and Barnsley.

Mr. Arthur Scargill, president of the Yorkshire miners, said yesterday those delegates would be asked to make sure that special meetings were held to win support for Mr. Foot.

Left-wingers in other unions have also said they will put as much pressure as they can on their MPs

Call to show war film

GROWING PUBLIC concern over nuclear war should be sufficient to justify the BBC showing their film The War Game on television, the Lords heard yesterday.

Lord Brockway (lab.) said Sunday's CND demonstration in London—the largest-ever in Britain — showed that people were worried about the ineffectiveness of civil defence against a nuclear attack.

He called on Home Office Minister Lord Belstead to tell the Director-General of the BBC of the public desire to see the film.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● METALWORKING

Fumes lessened when cutting plate

BY CARRYING out oxy-gas or plasma cutting under water, or even just above it, particulate fumes from the cutting action and most of the toxic fumes can be entrapped. This gives the operator a cleaner environment.

InterCut Machine of Gloucester has devised a new range of water tables for carrying out these cutting operations and they can be made to requirements in various sizes, the standard table being designed to carry plates up to a thickness of 50 mm.

The most advanced of these tables has a removable and variable height burning platform with automatic slag clearance and rapid water height control.

InterCut says it most sophisticated unit consists of a robust tank containing water with rust inhibitors and anti-glare dye for plasma cutting. In the tank, a burning platform is raised for ease of loading and the platform can be lifted off, complete with cut parts. A second pre-loaded platform can be placed on the table in a matter of minutes.

A wire mesh under the platform prevents small cut parts from falling through and distortion, especially on thin material, is claimed to be greatly reduced or even completely elminated by cutting just under water.

When the burning table is raised to change plates it clears slag into a bin by swilling water down under the burning platform. When the platform is lowered, air is trapped under a skirt thereby increasing the speed with which the water level rises without using compressed air.

The height of water required, according to thickness, method and type of material being cut, is then manually or autmatically adjusted by bleeding air from under the skirt.

More information about these tables can be obtained from InterCut at Shepherd Road, Gloucester (0452 830930).

Refining of metal

A TECHNICAL agreement has been made between Feslente, the metallurgical Division of British Industrial Sand and the Aikoh Corporation of Japan under which the latter will make its developments in metal refining available in t he UK.

Among the first products will be degassers, fluxes and grain refiners for aluminium and other light alloy casting. They will be manufactured from indigenous materials and within the UK, says British Industrial Sand.

Text translation at 400 words a minute

BY GEOFFREY CHARLISH

ALTHOUGH THE idea of automatic translation of foreign languages can hardly be described as new, many of the attempts have invoked large mainframe computers and have either been at an academic level on existing university machines or have been a very expensive commercial offering.

But as machine power per unit cost (and space) increases and storage gets cheaper the prospect of keeping large dictionaries, complicated syntax rules and so on in electronic storage becomes brighter—provided that the difficult software problems can be solved.

About to appear in the UK from Hamilton Rentals is a system devised by Weidner Communications in Utah which is based on a DEC minicomputer and which can, it is claimed, work at a speed of 24,000 words per hour from previously keyed and stored material.

Of particular interest is the fact that the translation task has been combined with word processing so that, when a "raw" translation is produced on the VDU screen it can be quickly turned into colloquial text by the professional translator and then printed out.

In addition, the data base of the machine can be improved as successive jobs are carried because if new words are encountered that are not in the dictionary they are simply added to it from the keyboard. For many words the user can call up the alternative held in the store and amend the machine-produced text if he does not like what he sees. Or he can simply insert a new word.

One of the objections that can be raised to machines of this kind is that the material always has to be keyed in the first place and that then a good deal of "doctoring" has to go on—during which time a skilled translator could have typed out the translation or even written it out longhand and had it typed by a secretary.

However, it appears that good translators are in heavy demand and, according to Hamilton Rentals the cost per page of raw translation is now about £10. For a complete job Weidner claims that in Canada for example, quotations between $27,000 and $30,000 were obtained for a 400 page technical document, with delivery of the order of one month. Using the machine it is claimed that a professional translator could increase his throughput by between four and 10 times.

One advantage of the Weidner system is that some time sharing and multi-tasking is provided: up to four terminals can be connected to the machine and they could all be working in different languages. It is also possible to print material while other tasks are in progress on keyboards.

The system is at present available in Spanish to English, English to Spanish, and English to French versions. Work is proceeding on Arabic (available in December), German, Portuguese and several other languages, for realise in early 1981.

A good deal of attention has been given in the software to structures that occur in one language but not in another, such as gender agreement, noun/adjective reversals (for example, "the red book" becomes "the book red" in many continental languages). The machine will also do such tasks as capitalising all nouns in German and will deal with idioms to some extent (for example the expression "I'm pulling your leg' in Spanish makes reference to the ribs, not the legs).

The interesting aspect of the machine is that the raw translation it produces say, into English, is often sufficiently comprehensible for an Englishman to then convert it to everyday English.

Thus, in companies or industries where many of the words and text constructions repeat themselves and completely new material does not occur too frequently, it does look as if companies using such a machine could do away with professional translators altogether. They would certainly be tempted to do so in translating say, car service manuals into English.

However, both Hamilton and Weidner steer clear of such claims, asserting that the system "supplements rather than replaces the work of the human translator, enabling him to function as an editor, devoting his time and attention to the few words that need refinement."

It will be the cost that decides the issue. A machine with only one language direction and four terminals has a price of £100,000 so that it really can only be considered by sizeable companies or perhaps by bureaux looking for new forms of business. Rental of the above machine costs £6,000/month to include full maintenance, support and training.

The claim made by the two companies is that this is the first translation machine that will, within a reasonable cost limit, translate anything typed into it.

Quite where this will leave the translation profession in say, ten years from now when machines of this sort will have been developed (inevitably) still further, remains to be seen.

In any event, Hamilton extends an open invitation to them all to try the machine at the Neasden Lane premises in London NW10 (01-450 8900).

● PROCESSING

Yacht is galvanised

THE TWO halves of the hull of a 42 ft yacht have been hot dip galvanised by Vickers at its Newcastle upon Tyne galvanising and gritblasting plant.

The yacht was constructed in two halves longitudinally by its spare-time builders John Jenkins and Ian Beech of Sevenoaks, Kent, who opted for hot dip galvanising rather than conventional gritblasting and metal spray protective treatment.

Vickers' galvanising bath is 56 ft long, 8 ft deep and 16 ft wide and has a zinc capacity of 1,100 tons. The company says the two halves of the yacht emerged from their warm baptism distortion-free and coated in accordance with the appropriate British Standard.

● PACKAGING

Close look at bottles

IN JAPAN the Kirin Brewery Company, which is part of the giant Mitsubishi Corporation, has developed a system for ensuring that in bottle washing plants any bottles that have not been adequately cleaned are rejected. It can also be used to look at new bottles for defects or foreign matter that may have dropped in.

A number of systems of this kind have been developed in the UK in the last decade, often involving spiral or raster scanning of the bottom of the bottle with a reflected light/photocell technique, but the Japanese approach actually images the whole of the surface and then analyses the image using a microprocessor.

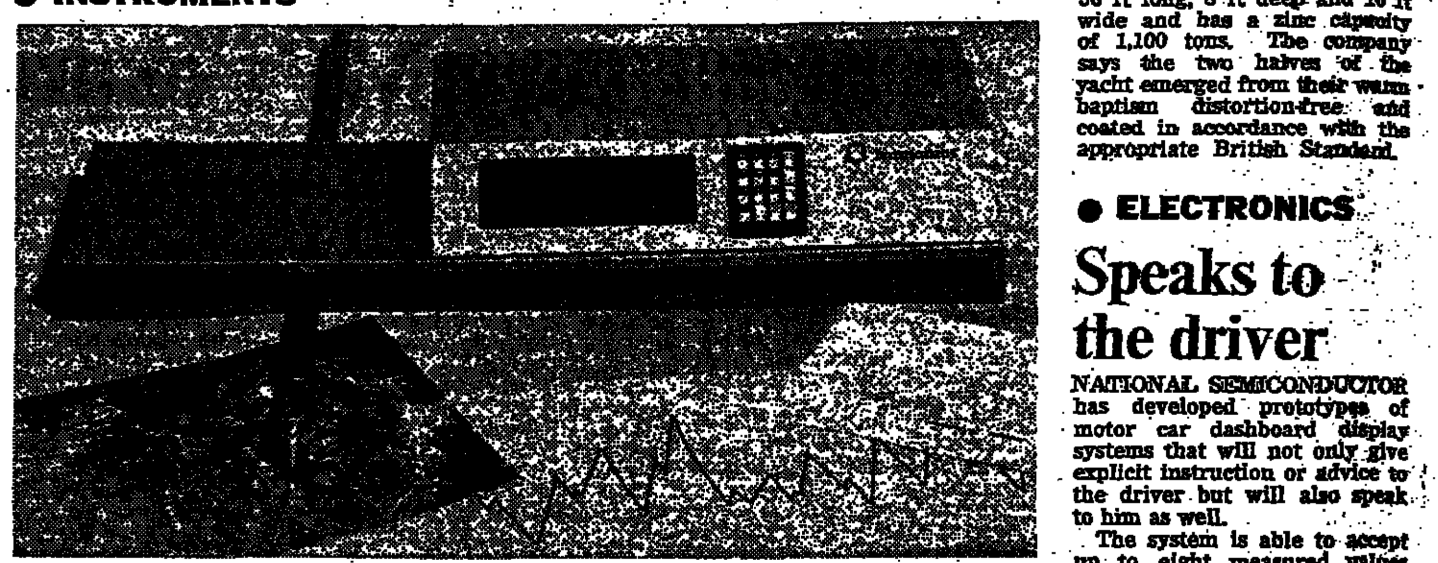
Although no further details are available it is likely that a digitising technique is used: the technique is now being widely appled to raster-derived pictures such as those from television frames and the image is broken down into individual points along each line which can, in effect, be separately examined by electronic circuits.

Such systems can be made sufficiently fast-acting to allow contaminated bottles to be rejected at the front end of a bottling line.

The Kirin machine can deal with about 600 bottles/min and can detect over 95 per cent of any spots greater than 1 sq mm across.

The technology is being offered under licence to interested parties outside Japan and they should contact Mr. Tony Patterson at Mitsubishi's London office, Bow Bells House, Bread Street, London EC4M 9BQ (01-236 2060).

● INSTRUMENTS



This device can be used to extract data from maps, and surface images.

Extracts data from images

LAUNCHED IN Europe after a successful introduction in the U.S. is a compact table-top digitising device which can be used to extract data from the images on any surface, horizontal or vertical.

Many digitisers have operational systems under the digitising table so that in most cases, only paper documents can be dealt with.

The Model 1200 however, made by Numonics Corporation ofa Landsdale Pennsylvania, has an independent arm that can extend some 900 mm in front of the instrument and can also move sideways over a distance of about 1200 mm. Thus, although quite large drawings, maps or photographs can be accommodated the unit can also be used on the fact of a cathode ray tube or the screen of a back projection device.

The X-Y co-ordinates of the back end of the tracing arm are fed into the digitiser's electronics and a microprocessor within the unit is able to perform calculations and manipulate the data.

For example, a single trace of an area on a map would immediately yield its perimeter, area, centre of area, major axis length, and the relative angles of axes. Similarly, the perimeter of a living cell on the display of an electron microscope could be traced, or shapes on the face of a television monitor.

Up to 1,000 measured and computed parameters can be stored in forms to suit the user and the microprocessor allows him to categorise the collected data, perform extensive statistical analyses or develop distribution functions.

Applications developed in the U.S. are quite numerous. They include land tax calculation based on area, estimation of construction costs directly from engineering drawings, calculation of lumber yields from aerial photographs and even the preparation of punched tapes for numerical control from engineering drawings.

Numonic's European office is at Vector International NV, Research Park, B-3030, Leuven, Belgium.

● ELECTRONICS

Speaks to the driver

NATIONAL SEMICONDUCTOR has developed prototypes of motor car dashboard display systems that will not only give explicit instruction or advice to the driver but will also speak to him as well.

The system is able to accept up to eight measured values (speed, oil pressure etc.) or eight on-off indications from various parts of the car. A microprocessor is programmed to react according to the data that comes from the sensors and can generate an appropriate animated warning message for example.

In addition however, a speech synthesis circuit can also be triggered to emit an appropriate utterance such as "fasten your seat belt."

The liquid crystal display panel has considerable flexibility, consisting of 16 x 48 black dots that could be formed into almost any desired symbol. The display has a refresh memory: once it has been given the desired diagram by the micro, the latter is freed for other activity.

More from the company at 301 Harpur Centre, Horne Lane, Bedford (0234 47147).

● COMMUNICATION

Easier to get the message

THE LATEST telephone answering machine to be offered by Ansafone can be remotely interrogated by voice or by an electronic coder. Another advance claimed is that the machine will pause every 30 seconds during playback to allow the user to make notes. It will also play back on command.

Whether interrogated by voice or coder, the machine transmits a "no message" tone as soon as it has accepted the call if there are no messages waiting. If there are messages to collect and the caller has no coder he can still get the message by using a voice code which is only known to the user.

Opening announcements lasting for up to three minutes can be recorded and a closing announcement reassures callers that their message has been recorded. Incoming calls are recorded on cassettes which can be transcribed and erased on the machine or removed and replaced.

With an optional dictation microphone, headset and footswitch, the unit can be used as a normal dictation machine says Ansafone, which is located at Lyon Way, Frimley Road, Camberley, Surrey GU16 5EY (Camberley 63411).

Networking software from H-P

HEWLETT-PACKARD, the U.S. based semiconductors to computers company, has introduced fourth generation networking software for its HP 1000 range of minicomputers.

The features on the new software include microprocessor based, fully buffered interfaces to implement the HDLC (High Level Data Link) link-level protocol (the set of rules which define how and what the computers can communicate with).

There is special software for message accounting and for re-routeing of messages through the system if the intended route is not available.

The new software, called DS/1000-1V, provides network support for the entire family of Hewlett-Packard 1000 computers and their real-time operating system.

According to Roger Cooper, UK systems group manager for Hewlett-Packard: "The improvements have been made without changing the user interface to the network."

The cost of the original licence to use DS/1000-1V is £2,196. Present subscription users of earlier DS/1000 software will be upgraded without charge. Hewlett-Packard is on 0734 784774.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE TWO-YEAR experiment in using boardroom appointments rather than ordinary management jobs to increase the interchange between Whitehall and industry is now ending its first phase. Three companies have been involved, taking a total of seven civil servants. Their experience has varied, usually according to the sort of use they have made of them.

Tunnel has gone furthest. As a fully-fledged non-executive director, Hilton is expected to perform at the Board meetings of what is an important subsidiary.

At the other end of the scale, United Biscuits regards its civil servants only as guest-observers. While not objecting to them speaking, it does not expect them to do so and does not even expect (or maybe even want) them to turn up to every meeting.

In the middle is Delta, where the civil servants are also formally regarded only as observers, although at least one of them is expected to contribute to Board debates.

"If it's just improving mutual understanding that you're after, then what we're doing is all right," says one of the civil servants who has been an observer-director. But if one wanted to extend the concept and go for real career progression [in the civil service], then more involvement is needed and there must be a real job and role and some responsibility."

Tunnel's use of Hilton arguably falls into the category of career-progression because of his full non-executive role, which is extending his experience more than purely observer-status would.

There may of course be people who will argue that someone cannot completely separate his civil service and company Board roles. Questions may therefore be raised about the propriety of all the companies' arrangements.

The civil servants involved so far have had no problems, although one of them doubts whether it would be right for him ever actually to influence a decision and be potentially responsible for swaying his Board. Equally some company chairmen approached by Sir Peter Carey, Industry Department permanent secretary, are believed to have refused to entertain a civil servant, while others will be worried about the managerial effort required if a civil servant is changed too often.

One or two of the companies admit that they might telephone their civil servants for some advice on where to go in Whitehall with a business problem, but none regards them as major contacts or as potential political lobbyists.

From the civil service point of view, Sir Peter and his colleagues ensure that the civil servants are not compromised by having to deal with cases in Whitehall involving their companies.

But the sensitivities on both sides about possible public reaction to the experiment is proved by the fact that it has not been given any publicity until now. None of those involved has sought to advertise what is happening.

Superior

Nevertheless, all the civil servants concerned so far have certainly gained from the experiment, however involved they may or may not have been in their companies. All of them have had some experience of industry through their normal Whitehall jobs, monitoring industries and individual companies, or running various forms of industrial aid schemes. But none of them has had prior experience of the sorts of boards they have been visiting.

They have all gained favourable impressions of company directors and managers. "It's confirmed my prior impression that they're not all as bad as they're painted, and they certainly have a lot of problems to contend with," says one of the civil servants.

"It does do us good to get out of our superior Whitehall existence and realise the day-to-day problems of running a factory," says another. "It is useful to be reminded of the realities of industrial life, and to hear people discussing things that can't be fudged or compromised as we so often do in Whitehall."

Tunnelling into the Boardroom

Industry and government co-operate closely in many countries, notably France and Japan. But in Britain they have traditionally worked at arm's length from each other. Exchanges of personnel in particular have been minimal. But over the last two years three companies have invited a handful of senior civil servants to sit on their boards of directors. On yesterday's Management Page **John Elliott** examined the genesis of the experiment, and its somewhat limited results so far in United Biscuits. Today he reports on the more positive experience of those involved at Tunnel Holdings and Delta Metal, and assesses the scheme's potential.

BY FAR the most involved of all the civil servants is Brian Hilton, an Industry Department assistant secretary who used to deal with regional aid and is now co-ordinating the Government's new public purchasing initiative.

In May last year he became a full non-executive director of Tunnel Holdings' important Cement subsidiary. He was appointed by formal minute of the Board, has signed the Companies' Act forms, and will even probably appear in due course in the Directory of Directors.

By joining a subsidiary board, Hilton avoided the legal obligations to shareholders that might cause a problem on a main Board, but he is expected to play a part in formulating policy for the subsidiary. "It's only going to work if the man can contribute. If he's intelligent and the right type then he will be able to do so, even if he hasn't been involved all his life in cement" says Derek Birkin, the chairman of Tunnel Holdings, who invited Sir Peter Carey to nominate someone without knowing of the United Biscuits observer-director initiative.

Hilton goes to all the monthly board meetings at Tunnel's St. James's Park headquarters, a few hundred yards from his own Industry Department office. Birkin, a strong believer in the value of appointing good non-executive directors and giving them authority, chose the Tunnel Cement board because it has had both short-term and long-term problems.

"They expect me to read all the board papers and to act as a full non-executive, asking difficult questions," says Hilton, who has taken part in framing his subsidiary's recommendations to the Tunnel main Board on at least three major decisions: a stake in a £22m Ribblesdale Cement kiln project, the sale of a Scottish operation, and the closure of cement kilns in Buckinghamshire.

"I always have things to say on sales, profit, and especially investment plans. I've also got quite involved in discussions on things like a revised staff salary structure and the use we made of a management consultants' report on the subject."

Hilton is thoroughly in favour of the exercise, showing a considerable degree of interest and commitment. "I've gained a greater understanding of the world in which business operates, about the sheer weight of problems of industrial relations in a continuous production industry. I don't have the executive director's precise responsibility for producing results myself, but I have helped to set budgets and have spent a lot of time looking at the figures and the performance and measuring the results."

The main aim of the exercise is to help Hilton's understanding of industry, not to improve Tunnel's decision-making or its contacts with the Government. But, says Birkin, who is chairman of the cement subsidiary and so sees Hilton in action: "We benefit if we have an intelligent individual sitting round the table and of course we get an insight into how Government operates and into a civil servant's life.

"I'm not saying that Hilton has swung a policy round, but he's a good contributor and his views are respected. He's contributed on social and employee issues and he has asked perceptive questions on profits and other financial business."

Birkin believes it is essential to choose the right civil servant. "It could all go wrong with the wrong man," he declares. But it is also important to select the right subsidiary. "One needs a business with a broad spectrum of economic, social, environmental and financial problems for the man to cut his teeth on."

Brian Hilton, Roy Croft and Peter Dixon

Photographs by Roger Taylor and Hugh Routledge

DELTA METAL is currently playing host to two civil servants. They seem more integrated into boardroom life than their counterparts at United Biscuits. Though not fully-fledged non-executive directors, they apparently regard themselves—and are regarded—more as participants and less as observers. They were appointed earlier this year following contacts with Lord Caldecote, the company's chairman.

Roy Croft, who has just been promoted to be the Industry Department's deputy secretary in charge of posts and telecommunications, British Aerospace, micro-electronics and information technology, has been attached to the Oldham-based board of Delta Electrical Accessories, part of the group's electrical division.

Peter Dixon, the Treasury's under-secretary responsible for industrial policy, including the National Economic Development Council, went to the Tipton (Staffordshire) board of Conex-Sanbra, part of Delta's building products division.

Although these boards form the third tier of Delta's structure below the main and divisional boards, the group is so organised that there is considerable devolution of authority. The civil servants have therefore sat in on some significant strategic discussions although they have sometimes found the subjects too detailed to be able to contribute. They have watched their companies, which each employ about 700 to 900 people, face up to the recession and to foreign competition.

But they have not heard the higher level policy discussions of the parent and divisional boards, and Croft believes that he or his successor could eventually move up to divisional level.

Both Croft and Dixon have had to travel out of London to Oldham and Tipton for their monthly board meetings (unlike the civil servants on other boards). They believe this is a useful exercise in itself, although it means they have to set aside a full day a month, which Croft sometimes finds impossible.

But both have been interested to compare the relationships between a subsidiary and its main board with those between nationalised industries and Government departments. "My company has been something of a microcosm of industry generally, and the primary value for me has been to see industry at the operating board level," says Dixon. "In the past I have dealt with nationalised industries and have been involved in macro decisions. But now I have watched what goes on before things get to main board level."

Christopher Lorenz continues our series on help for redundant executives

Reaching for work

NICHOLAS CRACE was visibly shaken. For over a year he has been helping redundant and retired managers find fulfilling new jobs. He has dealt with many a bored, bothered and bewildered executive in late middle-age who until a month or two ago had held down an apparently successful full-time job, and has suddenly found himself in a complete vacuum, bereft of any occupation whatever other than passing the time.

But nothing has touched Crace as much as last week's letter from a distribution and warehousing manager. The new applicant is only 51, almost exactly Crace's own age and a good ten years younger than the average of the 560 executives who have so far been registered with Crace.

It may take Crace and his staff at "Reach"—Retired Executives Action Clearing-House—several months to "match" the new man with one of the 500-plus voluntary jobs already on their books, such is the wide variety of skills and locations on offer. But it could be only a matter of weeks.

In September a 60-year-old who had been the managing director of a subsidiary of Avon Rubber, started work on product marketing and general management with a Salisbury-based trust for young ex-offenders. He had applied to Reach only a month before, having taken an early retirement in the spring.

Reach is entirely distinct from many of the organisations already featured in this series, in that it deals only with the voluntary sector. Like the other 120 executives so far placed by Reach, the former Avon Rubber MD is working without payment (except for expenses) and, like most of them, on a part-time basis. In his case it is a pretty full, 3½ day week, slightly more than that of a 58-year-old former regional sales manager for Yardley who in August joined Oxfam in Yorkshire as a merchandise adviser.

"No one admits to being redundant," says Crace. So he cannot be quite sure what proportion of Reach's work is for redundant executives, as opposed to those who have retired at the normal age and who, after a busy business life, cannot settle down to just gardening and golf.

But since the average age of Reach's predominantly male clientele is about 62, a good percentage must be redundant, even if this is cloaked on application forms by phrases such as "I retired by mutual agreement with my employer."

"Retirement is something akin to death to many people—they don't like to think about it," Crace says. "But when it happens, they need to be needed."

Crace has spent nearly 20 years in voluntary work. In the early 1960s he left his job in publishing and moved to Voluntary Service Overseas, better known to thousands of young men and women then and now as VSO, which matches developing countries' requirements for short-term assistance with the skills of trained young people.

Experience in several other community jobs made him aware that a large number of retired business people were keen to offer their services to the community, but did not know how to go about it. What was needed was a clearing house.

With the help of a small group of like-minded people, Crace started to raise funds for Reach early last year. By May 1980 they had secured £22,000 from two dozen organisations, including several charitable trusts, and commercial enterprises such as Brooke Bond Liebig, Marks and Spencer, Reed International and Shell UK. Premises have been supplied free by Lloyds Bank. Since then Reach has raised an additional £6,000 from the Voluntary Services Unit of the Home Office.

As director, Crace is the only salaried member of Reach's four-person staff, and it is a non-profit-making organisation. Yet it will have a continual need for outside financing, since its services are provided free to both sides; next year's budget is almost £40,000, for starters. An appeal for further support has just gone out to 600 companies, gently suggesting that "Reach is becoming an increasingly vital part of industry's care for its own people."

The 500-odd voluntary organisations for whom Reach had found executives include Oxfam; the Abbeyfield Society of old people's homes; Dr. Barnado's; the Council for the Protection of Rural England; the National Trust; and Inter-Action.

Reach is at Victoria House, Southampton Row, London WC1B 4DH. Tel.: 01-404 0940.

Earlier articles in this series appeared on August 13, October 7, 20 and 21, 1980.

LOMBARD

Mr. Reagan and Mrs. Thatcher

BY PETER RIDDELL

A NOMINALLY left of centre government faces a general election trailing in the opinion polls against a reinvigorated and assertively right-wing opposition. The present administration is widely accused of incompetence and is distrusted by many of its supporters. They allege that the party's ideals have been betrayed after the adoption of a restrictive monetary policy half-way through the term in response to a prolonged currency crisis. The right-wing alternative preaches a message of national revival and offers a radical change in the direction of policy, involving sweeping cuts in both taxes and public spending as well as an increased emphasis on defence and on law and order.

Motivation

For a British visitor to the U.S., the current Presidential election provides unmistakeable echoes of the May 1979 election in the UK. The complaints of disillusioned Democrats are just like those of unenthusiastic Labour supporters 18 months ago. They want to be motivated. They want some reason to vote for their party, some vision or outline of future intentions. Instead, they are offered a stridently defensive and negative approach. President Carter's recent charges that a Reagan Presidency would divide the U.S. along regional, racial and class lines are similar to Labour accusations about the Tories in May 1979.

In contrast, the challenger is offering a vision—even if it was, and is, a somewhat bland mixture of the allegedly traditional values of family, country, thrift and enterprise. The Thatcher and Reagan appeals may both beg many questions but they are positive at a time of uncertainty.

Obviously, the parallels cannot be taken too far and they are certainly not a guide to the outcome of November 4. Apart from constitutional differences, the political positions are also not the same. President Carter has not had any winter of discontent on pay and the unions, though he faces re-election during rather than before a recession, and inflation is still high. Moreover, in the last 10 days some of Mr. Carter's charges appear to have forced Mr. Reagan to be more defensive than Mrs. Thatcher ever had to be 18 months ago.

Whatever the contrasts, the similarities are more striking and they have intriguing implications for the roles of left and right wing parties. In the past, left of centre parties have tended to raise expectations by promising radical change. Yet this no longer applies at a time when there is a constant battle to contain powerful inflationary pressures. Although election promises may still be ambitious, left wing parties have had to jettison many of their pledges and resort to apparently conservative solutions. The unrest of their supporters suggests that the new role is, at best, uneasy and, at worst, bitterly divisive.

Ambitious

The familiar roles now appear to have been reversed. Right-wing parties have often moved away from a conservative approach of minimising change to a more ambitious and radical role with promises of a new direction in economic policy. The programmes of the right, not the left, offer the hope of a radically improved economic environment.

But the raising of expectations has its own dangers. Many of the hopes of May 1979 in Britain have now had to be disappointed or deferred. The lesson of the last 18 months in the UK is that big changes in the balance of taxation are often incompatible with a reduction in the inflation rate. And the real tax burden has anyway risen. Right-wing governments find it as difficult to satisfy their supporters as left-wing ones in the current economic climate. As the Professor said, there is no such thing as a free lunch.

Choosing the right medium

FILM AND VIDEO

BY JOHN CHITTOCK

ONE OF Britain's pioneering journalists in the audio-visual media (now in the product side of the business) many years ago announced an interesting idea in the quest for better audio-visual systems. It was novel, he said, because it allowed a programme of any length to be produced much more cheaply than film, slides or video—by anyone, and with domestically available equipment. Duplicating costs were much lower than film or slides. No apparatus was required for retrieving information in the programme, which was instantly accessible. And, perhaps most important of all, the sequence of the programme could be varied at will by the user.

He called this innovation (the details are now a little hazy) something like the Bioptic Oracle of Knowledge—or BOOK for short.

Thousands of films and audio-visual programmes later, the point has not been lost. Every single audio-visual programme generates dozens of pieces of paper or booklets to accompany it. For all the impact of the projected and moving picture, it is usually beyond the control of the viewer to stop the film and study it. The video disc will change all that, but in the meantime the printed word is still a vital accompaniment to the average industrial and educational film.

Two of the latest training productions from Millbank Films—*The Micawber Equation* (in the Lloyds Bank "Finance for Managers" series) and *Managing Change* (jointly sponsored by Mirror Group Newspapers and ICI)—are accompanied by the inevitable Leader's Guides. One of these (for *The Micawber Equation*) contains a complicated table of cash flow, orders, sales, and costs which no one could possibly unravel in a glance at a screen. I am generally sceptical about Leader's Guides which accompany films, but in this case the printed page is still an important element in the communication process.

The record of recent times must go, however, to Phillips Petroleum, whose latest film—*Ekofisk . . . One of a Kind*—is accompanied by a teaching kit of printed materials weighing just under 2 kilos. No disrespect is intended in my reference to this because the kit does contain printed material of real value to a teacher—posters, maps, class readers, teachers' guides, even a glossary of words and phrases used in the oil, gas and petrochemical industries.

It would be churlish, under the weight of all this paper, if I failed to add—like Mrs. Lincoln—that the film itself was rather good and refreshingly unusual for North Sea oil films. It is a genuine and successful attempt to examine life on an oil platform—with a range of nationalities telling (in English) their own likes, dislikes, pleasures and fears in this extraordinary life-style. For me, it is the first time I have really begun to understand the real atmosphere on a platform and the feeling of a very different community whose life is not divided into night and day—but into work and shore leave.

In multi-media packages, such as this one, film, video, tape or slides still comprise the most important element, the *raison d'etre*, the recognition that literature will always lack a certain dimension.

That missing dimension is something to do with credibility and closeness. The printed word is apparently more fickle in its accuracy; and generally somewhat sterile and remote. Hence the booming interest in company video programmes where the chairman speaks to employees, instead of entrusting his words to a printing works in Watford.

Yet the choice of audio-visual media too readily is determined by fashion rather than factual analysis. There is a mythology which says that tape-slide is cheaper than video, that video is cheaper and quicker than film, and that in any situation a picture is worth 1,000 words.

Tape-slide programmes are not necessarily the cheapest of audio-visual media. They have the potential of unique characteristics which film or video cannot match, and, of these, low cost is not one. Tape-slide lends itself best to any situation where complex and detailed visual information is central to the communications problem (difficult with moving pictures), where it may require frequent up-dating (expensive with print and film) and where those being addressed need to give their undivided attention (impossible to guarantee with print).

However, whereas it may be true that any fool can write and a great many do, it is infinitely more difficult to produce lucid and effective visual material for a tape-slide programme. In these circumstances print may be more reliable, and it is certainly cheaper if a very large audience is being circularised.

The myth about the cheapness of video was created by the speed with which the results can be seen and the low running cost of the videotape when compared with film. But it is a capital-intensive medium, with the most sophisticated editing facilities costing as much as £250 an hour to hire at commercial facility houses; a film cutting room could be hired for a week at that price. Video can yield fast results (but so can film if all the right procedures are pre-planned and organised); and for very straight and simple jobs, like recording the chairman's speech, video can be inexpensive and more convenient.

Video is also technically more suitable than film if the moving pictures are intended for replay on a television screen—e.g. from videocassettes. The quality will be cleaner and tonally more suited to electronic reproduction.

Film, for all its disadvantages in running cost, print cost and delays in processing, still has some unique advantages and an unchallengeable charisma. On location, its camera equipment is light and easy to use (unlike the paraphernalia associated with video). And for all the claims that video is easy to edit, the physical nature of film makes it more precise and quick to handle; it is also creatively more malleable—inspiring a communion of feeling between the editor and his subject.

The very atmosphere of a film editing room is organic, with film everywhere, shot lengths draped round the editor's neck, holiday postcards all over the wall, sweat and stale tea important ingredients with the film cement. Video editing suites are not like that: they are clinical and efficient, with a smell of electrical equipment and soft furnishings.

The difference is more than an amusing observation. It works its subtle influence on the practitioners and the end results on the screen. Even if the commercial future of film is doomed, as undoubtedly it is, for me the medium remains first choice where impact and emotion are priority elements in a communications process. Tape-slide cannot seriously compete either, because even in its multi-screen stereophonic sound configuration it is little more than a fairground display. And it cannot be expected seriously to affect the minds and hearts of men and women.

In a perfect world, there is a place for all of these media. The newer technologies complement rather than supplement, especially if intelligently matched to the right circumstances. But I fear that commercial considerations will ensure the gradual demise of the greatest medium of them all—and film will become an antiquity.

Stoute success at Nottingham

RACING

BY DOMINIC WIGAN

BARBADOS-BORN Michael Stoute, 34, who began training only in 1972, achieved his first century of winners in a single season at Nottingham yesterday when Withy Copse, in the hands of Lester Piggott, ran away with the Belton Handicap.

The Beech Hurst trainer, whose 10 Group race successes in 1979 surprisingly failed to include a Group I victory, will be hoping that Sharsha on the same course or Perma Fina who runs at Stockton, can continue the good work for him today.

The first from the pair in action is the Aga Khan's Sharsha, among the runners for Nottingham's East Midlands Nursery. Here, the French-bred juvenile on whom Brian Rouse has the ride since Piggott is unable to make the weight, should prove capable of taking advantage of a 6 lb concession from the surprise acceptor, Nimblemoss.

Perma Fina, a bay filly by Nonoalco out of the Red God mare, Ginger, has not lived up to expectations but has shown enough to suggest that Greville Starkey will get her home in Stockton's Highfield Stakes. Here, Perma Fina, racing in the Helena Springfield colours, carried with such distinction by One In A Million, receives plenty of weight from the previous winners, Irish Heart, Emblazon and Segos.

At the same meeting, John Dunlop's highly accomplished apprentice, N. Dawe, may well notch his first success on the course through the veteran Chapeau Vert. The Toby Balding trained seven-year-old who retains his form well, has been allotted only 7 st 9 lb, a weight well within Dawe's compass.

Many at Stockton yesterday must have been sorry to see Spindrifter fail so narrowly in his bid to become the "winning-most" two-year-old trained in Britain this century. George Duffield's mount failed narrowly against Dock Marten to notch his 14th success of the campaign. He jointly holds a record 13, previously set by Nagwar in 1975. Yesterday, the judge called on the camera before announcing Spindrifter a narrow failure.

NOTTINGHAM
1.30—Viribus
2.30—Sharsha
3.30—Dawn Hail
4.00—Colonial Line

STOCKTON
1.15—Chapeau Vert***
2.15—Mathaniel
3.15—Perma Fina**
3.45—Dynapak*

TV/Radio

†Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.00 You and Me. 2.14 For Schools, Colleges. 2.14 Encounter: France. 2.30 English: Dylan Thomas. 3.20 Pobol Y Cwm. 3.53 Regional News. 3.55 Play School. 4.20 Jackanory. 4.40 Play Away. 5.05 John Craven's Newsround. 5.10 Screen Test.

5.40 News.
5.55 Nationwide.
6.55 Film: "Seven Faces of Dr. Lao."
8.30 Forgive Our Foolish Ways.
9.00 News.
9.25 Play for Today: "C2H50H."
10.35 Best of British.
11.05 Lord Mountbatten Remembers.
11.38 News.
11.40 Sky at Night.
12.00 Weather.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—11.38 am-12.03 pm Dechrau Siarad. 3.15-4.10 Centenary Rugby: All Blacks Tour of Wales. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.55-7.15 Heddiw. 7.15-7.45 Pobol Y Cwm. 7.45-8.30 Rising Stars. 11.40-12.18 am Centenary Rugby. 12.18 News.

Scotland—10.38-10.58 am For Schools. Around Scotland. 11.38-11.58 For Schools. Geography. 12.40-12.45 pm Scottish News. 5.55-6.20 Reporting Scotland. 11.05-11.38 Current Account. 12.00 News, Weather.

Northern Ireland — 10.38-10.58 am For Schools. 3.53-3.55 News. 5.55-6.20 Scene Around Six. News. 10.35-11.05 Spotlight. 12.00 News, Weather.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.00 am Your Own Business.
11.00 Play School.
11.25 Speak For Yourself.
2.30 pm The Past at Work.
3.00 Behind the Scenes.
3.30 Living City.
4.15 Working for Safety.
†5.40 Harold Lloyd in film excerpts.
6.05 All Creatures Great and Small.
6.55 The Specials, recorded at Colchester Institute.
7.35 News.
7.45 The Waltons.
8.30 Russell Harty.
9.00 Kelly Monteith.
9.30 Man Alive: "They Steal Children, Don't They?"
10.20 16th Cambridge Folk Festival.
10.50 Newsnight.

LONDON

9.30 am Schools programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 General Hospital. 3.45 Food, Wine and Friends. 4.15 Get It Together. 4.45 Smith and Goody. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 John Smith Show.
7.30 Britain's Strongest Man.
8.30 Arthur C. Clarke's Mysterious World.
9.00 Strangers.
10.00 News.
10.30 Second Opinion.
11.30 Paris.
12.25 Sit Up and Listen, Donald Swann.

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 6.00 About Anglia. 7.00 Gambit. 11.30 Kaz. 12.30 am Thames.

ATV
1.20 pm ATV News. 5.15 Survival. 6.00 ATV Today. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV News. 11.35 Baretta.

BORDER
1.20 pm Border News. 5.15 Survival. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Kaz. 12.25 am Border News.

CHANNEL
1.20 pm Channel News. 5.15 Doctor Down Under. 6.00 Channel Report. 7.00 Survival. 10.28 Channel News, Weather.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 6.00 North Tonight, weather. 7.00 The Electric Theatre Show. 11.30 Reflections. 11.35 Quincy. 12.30 am North Headlines.

GRANADA
1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 11.30 The New Avengers.

HTV
1.20 pm HTV News. 3.45 Stars on Ice. 5.15 Scentimental Over You. 5.20 Crossroads. 6.00 Report West. 6.30 Three Little Words. 7.00 Emmerdale Farm. 10.28 HTV News. 11.30 The Practice. 12.00 Weather.

HTV Cymru/Wales—As HTV West except: 9.30-9.45 am Mwy Neu Lai. 12.00-12.10 Trehatiau. 4.15-4.45 Doctor Snwgwl. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.15 Nos Fawrth O Glwyd. 11.15-11.45 World in Action. 11.45 Weather.

SCOTTISH
1.20 pm News. 1.30 Against the Wind. 6.00 Scotland Today. 6.20 Job Sport. 6.30 What's Your Problem? 7.00 Take The High Road. 11.30 Late Call. 11.35 Lou Grant.

SOUTHERN
1.20 pm Southern News. 5.15 Cartoons. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 11.30 Polly, Helene and Sue. 12.00 George Hamilton IV. 12.30 am Weather; Music Speaks Louder Than Words.

TYNE TEES
9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. 5.15 Different Strokes. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 11.30 John Smith Show. 12.00 Meet the Faith.

ULSTER
1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoons. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Weather. 11.30 Gardening. 12.00 Bedtime.

WESTWARD
1.20 pm Westward News. 5.12 Gus Honeybun's Birthdays. 5.15 Doctor Down Under. 6.00 Westward Diary. 7.00 Mark It. 10.31 News, weather. 12.25 am Faith for Life. 12.30 Weather, shipping forecast.

YORKSHIRE
1.20 pm Calendar News. 3.45 Calendar At Your Service. 5.15 Life Begins at 40. 6.00 Calendar. 7.00 Emmerdale Farm. 11.30 George Hamilton IV.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates. 3.32 Peter Powell. 5.30 News. 6.31 Talkabout. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2
5.00 am News. 5.03 Ray Moore (S). 6.15 Pause for Thought. 7.32 Terry Wogan (S). 8.27 Racing. 8.45 Pause for Thought. 10.03 Susannah Simons (S). 12.03 pm David Hamilton (S). 1.45 Sports. 2.03 Ed Stewart (S). 2.45, 3.45 Sports. 4.03 Much More Music (S). 4.45, 5.45 Sports. 6.03 John Dunn (S). 6.45 Sports. 8.02 League Soccer. 9.30 The Pleasure of Your Company (S). 9.55 Sports. 10.02 The American Way of Laughs. 11.02 Brian Matthew with Round Midnight. 12.00 News. 2.00-2.05 am You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Overture concert (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 10.00 Andras Schiff piano recital (S). 12.15 pm Swansea Festival concert (S). 1.00 News. 1.05 Six Continents. 1.25 Swansea Festival (S). 2.05 Bridge and Britten (S). 2.50 50 Years of the BBC Symphony Orchestra. 3.50 Settings of Verlaine (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Bartok and Haydn (S). 8.05 Journey to Somalia. 8.30 Wexford Festival Opera 1980: "Edgar," by Puccini (S). 9.05 "Edgar"—talk by Julian Smith. 9.20 "Edgar," Act 2 (S). 9.55 "Edgar," Act 3. 10.35 Britten, guitar music (S). 11.00 News. 11.05-11.15 Bruckner (S).

RADIO 4
6.00 am News. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 6.45 Prayer for the Day. 7.00, 8.00 News. 7.30, 8.00 News. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call—handicrafts. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 pm News. 12.02 You and Yours. 12.20 Down Your Way—Wath-upon-Dearne, Yorks. 12.55 Weather. 1.00 World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Middlemarch by George Eliot (S). 4.00 Kingdoms in the Sun. 4.15 Marathon Fever. 4.45 Short Story. 5.00 PM news magazine. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 A Touch of Genius—Andres Segovia (S). 8.20 Report on immigration controls. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Burkiss Way (S). 11.00 Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News, weather. 12.15-12.23 am Shipping forecast.

BBC Radio London
5.00 am As Radio 2. 6.30 Rush Hour. 9.15 Holiday Scene. 10.03 Robbie Vincent Telephone Programme. 11.30 Your personal problems. 1.03 pm London Live. 2.15 GLC Question Time. 4.30 News. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time. House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting
6.00 am AM—Douglas Cameron and Allan King. 10.00 Brian Hayes. 12.00 LBC Reports. 2.00 LBC Reports. 4.00 LBC Reports. 6.00 LBC Reports. 8.00 After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports. 1.00 am Night Extra. 4.00 After Eight Special. 5.00 Morning Music.

Capital Radio
2.00 am Duncan Johnson's Night Flight (S). 6.00 Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 Roger Scott (S). 7.00 London Tonight with Bryan Wolfe (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 Night Flight (S).

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

F.T. CROSSWORD PUZZLE No. 4,411

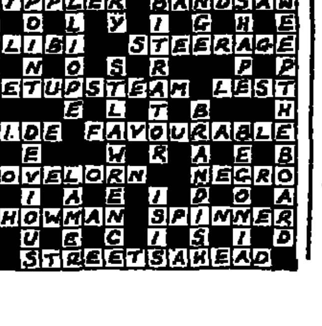
ACROSS

1 Left snake and its associate on board (6)
4 Learn by heart and note improvement (8)
10 Acquiring thorough knowledge of flower in Chinese pottery (9)
11 Oliver's second turn to dance (5)
12 Born and died in want (4)
13 Leave to fetch female and become lovers (2, 8)
15 Drive back soldiers with a single beat (7)
16 Passionate legend about Frenchman (6)
19 One of three lines for cricketers in fold (6)
21 Muffin and fish permitted afterwards (7)
23 Elegant stop for undiluted drink (4, 6)
25 Rang back to growl (4)
27 Bird that's better than a birdie (5)
28 Having no standard of perfection I distribute a smaller quantity (9)
29 Excursionist from the south should make a good take-off (8)
30 Caught fish on drawing (6)

DOWN

1 Source of light from chimney in a railway (8)
2 Disease common to painters? (9)
3 Make uniform, especially (4)
5 Absorb the attention of copy in large hand (7)
6 Penniless as 23 may be (2, 3, 5)
7 National flag on top of hospital (5)
8 Complete the whole (6)
9 I'm in the pink but full of chinks (6)
14 Wipe twice for a radical change (5, 5)
17 Feigned sickness and may loiter within (9)
18 Rigorous offspring seen at rear of ship (8)
20 Love-god I've to follow is capable of eating away (7)
21 Wrinkle making Robin Goodfellow hesitate (6)
22 If not, it could be two French articles on ship (6)
24 Guess gold rug is overturned (5)
26 A slight stain (4)

Solution to Puzzle No. 4,410



ENTERTAINMENT GUIDE

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Brighton Museum

Mariano Fortuny by ROY STRONG

It was at a lunch party given by Cecil Beaton in 1968 that I first I first heard of Mariano Fortuny. I remember Irene Worth saying that she never wore anything but his pleated dresses for solo performances and how marvellous they were for travelling because they were kept between wearings tied up in a knot. Who was this man, I thought, and what were these dresses like? For those who *still do not* know there is a marvellous exhibition at the Brighton Museum until the close of November which reconstitutes, virtually in its entirety, the version staged earlier this year at the Musée Historique des Tissus at Lyons.

Fortuny emerges from this both as a wonder and a contradiction. Painter, designer, inventor, engraver, lighting technician—the list of the activities of this man of the cloistered Venetian palazzo is never ending. And what makes his resurrection so particularly apposite now? I think it is because, across a wide variety of spheres, his work embodies the present swing of the pendulum. It *reflects a return or at least* an interest in the classie and the timeless. Fortuny's work in the field of clothes and textiles embodies precisely those qualities. Neither changed over a period of half a century down until his death in 1949. His work epitomises a total disinterest in the commercial treadmill of fashion which reached its apogee in the sixties when virtually every class of society threw its clothes away annually in a frenzy of change that only froze a decade later. Recession has made fashion tighten up, has caused women to seek for clothes that last, that stand apart from the mainstream. The ethnic mania is part of this. Starting as an expression of sixties fancy dress it has lived on to be adopted by those who look for something inexpensive and not immediately datable. Fortuny was at least the high priest of the latter. Drawing on and inspired by sources as varied as the English aesthetic movement with its cult of the middle ages, Greek statues and renaissance paintings, he created his masterpiece, the pleated *Delphos*.

This eclecticism of inspiration sprang in a large part from his involvement with theatre, whether it was in the form of a passion for Wagner or the invention of a type of cyclorama. And this is what is abundantly clear from his clothes. For us they may seem essentially reformist and modern in bias which in one sense they are. But primarily their effect must have been theatrical, the ideals of Isadora Duncan and Diaghilev's classical ballets transformed into dresses that the emancipated *avant garde* woman of the type of Lady Diana Cooper or Eleanor Duse could display herself in private for devotees. Fortuny's clothes draw attention to themselves. They were and are to a degree daring. They cling to and reveal the shape of the body and implicitly that body is perfect. The varieties of coat and cape with which he covers them add to the excitement, designed as they are to shimmer and glint in anticipation of their removal.

In contrast the fabrics strike one initially *as remarkably* uninnovative. The designs we know are in fact original but they never seem such. So saturated was Fortuny in the fabrics of the past, of the renaissance and of the Islamic and Arabic countries, that his "new" designs look like archaeological re-creations and therefore must to a degree be labelled pastiche. What, however, *is* fascinating is how he technically got these effects, for they are all achieved by printing, painting and sponging, using chemicals and natural dyes, resulting in fabrics that look as though they had been snatched out of a painting by Titian or Tintoretto. They have a *softness, a faded grandeur* and glitter that speaks of the band of time, although the processes might be said to be closer to those used in a theatrical workshop or by craftsmen restoring antiques. In other words Fortuny was a good faker or rather he could have been one. One can also see how this obsession with re-creating the textiles of the past came out of a man whose father had among his specialities the painting of 18th century theatrical groups and a house full of antique bric-à-brac. In other words Fortuny is directly in line with those concerned in the 19th century with the accurate re-creation of the past. What would have been interesting is if he had combined his astounding technical abilities in the field of textiles with an originality of design. Instead in the final analysis there is sterility.

The Delphos dress (1916)

The fact that in his earliest photographic self-portrait at the age of 16 he posed himself in the manner of Titian says much. Fortuny is essentially a 19th century man living on out of his period. His visions are those of Burckhardt, Symonds or Pater, the romance of the renaissance with it emancipation of the individual and its polymathic artists. They are those of Crane, Morris and Mackintosh, a belief in the importance of a reform and revival of the decorative arts by means of a voyage into the past. They draw too on those in that century who wrote about and painted scenes of ancient Greece and Rome. The whole of the modernist movement passed him by or rather he closed his eyes to it as he pursued his idiosyncratic ideals in his Venetian palazzo.

So Fortuny is probably less important than at the moment we think he is. He happens to fit our mood. And our mood is frankly revivalist as we have ploughed our way through art nouveau, neo-Edwardian, art deco, the 1930s and 1940s. How he, whose ideal was the unchanging and eternal, would have hated being part of that phenomenon which feeds on things past so often for the wrong reasons—nostalgia and escape but for no forward looking reason. One came away from the exhibition all too conscious of the awfulness of much of today's textiles. I don't think that the craft movement in this country has thrown up anyone so far as extraordinary in their quest for new techniques and methods. Looking at his achievement it made one hope that someone would be moved to action by it. Among other things it revealed the importance of the relationship between creative dress and creative textiles. The success of French couture stems from its close liaison with their textile industry. The all too frequent failure of ours stems from a thwarted partnership. The short-lived dominance of British fashion, both men's and women's, that lasted from 1965 to 1975 was never consolidated. It depended all too often on an exultation of expendable rubbish. Fortuny's quest, which so vividly comes to life in this exhibition, raises vital questions to which we should give thought. And it was not the textile industry that brought this show to England but Alfa Romeo. Thank you.

St. John's, Smith Square

Idomeneo by MAX LOPPERT

Idomeneo is one of several operas on which, in its formative years, Chelsea Opera Group left a notable mark; one might fairly wonder whether the current acceptance of the work in this country among the mature Mozart operas would have been one without those pioneering concert performances. All the same, Friday's *Idomeneo* failed to stifle questions about the wisdom of returning to the work in *concert, now that the* battle has been won. One "excuse" for doing it this way might still be the presence of a burning young maestro—a young Davis or Norrington—say—anxious to advocate important new views on the music to an unsuspecting public. Another might be the presentation in full of much of the *Idomeneo* music (from the first version) usually shorn in the opera-house.

In truth, neither can be said to have affected the choice, to judge by Friday's account (given after performances in Cambridge and Horsham). The spectre of overtime payments hovering over the always slender group budget not only forbade a full edition but even necessitated the sacrifice of essential items (such as Idamantes' "Il padre adorato," Electra's "Idolo mio" — a grievous loss — and a wide swath cut through the middle of Ilia's "Zeffiretti lusinghieri.") The conductor was Richard Hickox, who elicited vital and committed playing from the amateur orchestra (of good standard this year, especially in the wind section) and enthusiasm from the small *chorus. At the start.* his urgently dramatic approach promised excitement; after a while, the interventionist fervour began to prove counter-productive. The music is grand as well as passionate and needs to breathe —as by default the hustle through the quartet appeared particularly to demonstrate.

The pleasures of the evening were offered *mainly* by the four principals. I prefer a more emotionally expansive, a more generous Ilia than Fiona Dobie permitted herself to show: in the limitations imposed by a cool manner and uncommunicative Italian (a fault by no means Miss Dobie's alone) her clear, *well-schooled soprano* did many exquisite things. Doreen O'Neill, properly a mezzo Idamantes, sang out securely, even if the expression remained *too generalised to awaken close* interest in the character. From the Kent Opera *Idomeneo* Anthony Roden gained his fluent and steady handling of the *difficult* title role (unusually, he gave cause to regret the cut in "Fuor del mar"). In concert, the minimal characterisation — nothing of the grave, tormented senior statesman hero — is less seriously regrettable. Best of all, there was a "real" Electra in Helen Walker, the timbre sensuous, the line fiery even when imperfectly controlled.

In spite of earlier strictures it was, then, an involving *Idomeneo.* Now, perhaps, the group should consider a revival of its *original pioneering* stance. Rather than promising *Manon Lescaut* and *Boris Godunov* for its forthcoming appearances, why not strike out to the many neglected areas of classical opera? Gluck, for one, would make a worthy point of departure.

Purcell Room

A birthday Almanac

by ANDREW CLEMENTS

Four years ago The Songmakers' Almanac began life as a group of four singers and an accompanist brought together by Gerald Moore for a concert at the 1976 South Bank Summer Music. Since then the Almanac has gone from strength to strength, becoming what is arguably the most imaginative and dependable concert-giving machine to be heard regularly on the South Bank. Other young singers have been recruited to expand the range and number of the group's engagements and the appearances of the original quartet—*Felicity* Lott, Anne Murray, Anthony Rolfe Johnson and Richard Jackson — have become increasingly rare as their careers have developed and *diverged. The central, guiding* force remains their accompanist Graham Johnson, devising and organising all their projects.

Sunday evening's Almanac concert was thus rather special: a gathering of the founding Songmakers to celebrate a fourth birthday. The very first programme had consisted of songs and quartets by Schumann and Mendelsohn, and for the anniversary Mr. Johnson had returned to such a plan, choosing this time Schumann and Brahms as the complementary coupling and grouping the songs around a *theme* of night. Again as in that first concert, there were none of the readings of poetry and prose which have become such a mixed blessing in recent *Almanac recitals;* it was an evening of song, pure and refreshingly simple, and one of the most delectable of their offerings for some time.

Yet Schumann and *Brahms* do not show the same symbiotic dependence as that original pairing of Schumann and Mendelsohn had demonstrated. For all their personal *closeness* the songs of the two composers do not lie happily together in the same programme: the quicker witted Schumann, more imaginative, *less prosaic; the stolid* Brahms, less fertile in his response to words, less willing to allow the piano a complete role in sustaining the argument. The *lover of Schumann will have* been warmed by the flattering comparison, but irritated by the bias (or so it seems) towards his younger contemporary.

Yet the programme served to remind us how well matched the original Songmakers are in tone and weight, how the reticent lightness of Mr. Jackson's baritone and the smoothness of Rolfe Johnson's tenor cushioned Miss Locke's more arresting tone and Miss Murray's understatement, and how complete and sensitive an accompanist Mr. Johnson can be in repertoire he knows and loves well. *A reminder also, of how perfect* the individual singers' response to words is: in an evening of German songs there was scarcely a single doubtful vowel sound or *badly stressed syllable.* Selecting highlights would be invidious in a programme of continual delights, but Miss Murray's accounts of two songs from Schuman's *Liederkreis* Op.39 were something special, a tantalising snippet of what is surely to be a very fine, delicately coloured account of the *whole cycle.*

Wigmore Hall

Vestjysk Kammerensemble

Founded 11 years ago and now in Denmark placed on a par with the national orchestras, the Westjysk Kammerensemble is a group of 10 instrumentalists—quintets each of strings and winds—based at the Vestjysk Conservatory in Ejsberg. Sunday afternoon's Wigmore Hall appearance was the ensemble's London debut and the beginning of a British tour; an introduction long overdue, though a much-praised disc of Nielsen chamber music had given us some idea of their quality.

The first half of a well-filled programme consisted, appropriately, of Nielsen. The wind quintet, most ingratiating of all his chamber works (though some of the string quartets deserve more than occasional attention) was bracketed by a pair of rarities: the *Andanta lamentoso* for *strings, subtitled* "At a Young Artist's Bier," essentially a piece of subfusc Grieg written in 1910 but steering a dry-eyed path between *mawkishness* and self-pity, and the more interesting *Serenata in Vano.* The *Serenata* proved to bze a very characterful chipping off the block of the third symphony: a single movement for clarinet, bassoon, horn, cello and double bass, always witty, frequently tongue-in-cheek and taking every opportunity to exploit the arcane instrumental

To these fillers as well as to the wind quintet itself the Vestjysk players brought a fresh, pleasing rough - cast quality. The wind band makes no pretence at *a smooth, homogeneous* sound, but allows individual voices to stand out—a considerable virtue in the quintet, which was after all the starting point for Nielsen's projected series of wind concertos and already crammed full of the five temperaments to be depicted there. The oboe (Frederik Gislinge) and the bassoon (Henning Folmer Jensen) were particularly noteworthy.

But the considerable virtues of the Vestjysk Kammerensemble are likely to be best suited to the byways of the enormous repertoire at their disposal. In the mainstream of more specialist literatures they seems to have less to offer. *Dvorak's string quintet in G was* driven enthusiastically, but the strings revealed themselves too sparing of tone and weight to give the climaxes the full-blooded intensity they demand; the phrasing was sometimes casual and perfunctory. Britten's Sinfonietta Op. 1 restored the impression of an expert, outgoing group, at their best in outgoing, expertly written music.

ANDREW CLEMENTS

Covent Garden

Jessye Norman

The voice remains as ample, richly tinted, and sumptuous as ever, the personality generous enough to light up the whole house; yet Jessye Norman's first recital at the Royal Opera House on Sunday, packed to the roof and cheered to *the echo, gave* rise to more than one moment of an unfamiliar disquiet. The soprano seems to have entered upon a mannerist period of performance. *The old candour* and simplicity have been replaced by artfulness. The opening recitative of Haydn's *Arianna a Naxos* was tricked out with won*derful sounds only* loosely inspired by the words themselves; the quick, sentient feling of the best recitative delivery was missing.

In a Brahms group characterised by languorous fondling of phrases "Immer leise wird mein Schlummer" was notable for beginning too slowly and then becoming at mid-point still slower, until the pulse of the invention was seriously enfeebled. The songs themselves were all apt to be separated by long communing silences, eyes raptly closed; these; and the fearless plastique that underwrites the singer's response to each song, are obviously heartfelt, yet the dangers of an unintended preciousness were only just skirted, especially when the concert itself (at under two hours' worth of singing, three encores included) could be reckoned distinctly short musical measure.

The languor proved more appropriate to a group of early Debussy songs; in Lia's air from *L'Enfant prodigue* the grand scale reminded one that Miss Norman has been too long absent from *the lyric stage* itself. When she alighted upon more extrovert musical expression—as in the Brahms "Botschaft" and Strauss' "Heimliche Anfforderung" and "Kling" (the first of three flamboyant encores) — the energy of the attack made one perhaps more impatient than necessary with the excesses of self-conscious sweetness elsewhere. The point is, I believe, that Miss Norman is too important a singer and too fine and strong an artist to allow herself, even if from motives of the highest seriousness, to be turned into the high priestess of the Jessye Norman cult. The pianist, new to me, was Phillip *Moll, whose unobtrusive* yet precise support for the singer in all her moods was the mark of an unusually skilled accompanist.

MAX LOPPERT

ICA

Herbert Henck

Adrian Jack's MusICA is now in its third season at the ICA—and long may it continue: for it is fast establishing itself as the boldest and most imaginative series of concerts of new and *experimental music in London.* Like any series that is personally conceived and directed it has a personal slant, and reflects the tastes and preoccupations of its *author:* but those are generous, and catholic, enough to permit a lively variety of manners and styles. Between now and next April, in 10 Sunday evening concerts, MusICA's most notable commitment is in equal weight to the unworthily neglected and to the unpredictably new.

The opening programme of the series last Sunday was to have been a piano recital by Roger Woodward divided between Russian constructivist compositions of the 1920s and 1930s, and new post-war works. But Woodward was indisposed; and at very short notice the young German pianist Herbert Henck played a substitute programme — including three pieces by Nicolai Roslavetz and Arthur Lourie, both early pioneers (today completely expunged from Soviet music histories) of atonal and serial music. Roslavetz's *Quasi Prelude* and *Quasi Poème* of 1915 were very short, very wistful essays of powerfully Skryabinesque flavour. Lourié's *Formes en l'air* of the same year were more pungently original: three tiny pieces (dedicated to Picasso) without key-signatures or barlines whose short melodic figures, sometimes no more than single chords, are distributed on fragments of staves in up to five systems scattered across the page — spare and bittersweet, *strangely haunting.*

The American Carl Ruggles was born before both Roslavetz and Lourié, and died later than either: but during his long life he composed hardly more than 90 minutes of music *in toto.* The four "Chants for piano" called *Evocations* (which Ruggles later also arranged for orchestra) date from the late 1930s and early 1940s: brief fragments, sons and daughters of Webern and Skryabin, they float, and soar, and vanish. Henck gave them expertly, and very sweetly, before turning to the tougher stuff of Stockhausen's *Piano Pieces IX* and X — the last especially in his hands a remarkable tour de force, brilliantly contoured and shaded, a sinuous fury of glissandi (stroked with the essential Kontarsky mittens), wrist and fore*arm smashes, and shimmering* harmonics.

DOMINIC GILL

Wigmore Hall

The Parley of Instruments

Two days after the Austrian Edward Melkus Ensemble's programme of entertainment music by native composers, the Wigmore Hall's Early Music Series scheduled a parallel recital by a younger British group. The Parley of Instruments is an ensemble of eight musicians (six strings, harpsichord and theorbo) specialising in baroque performance, whose claims to authenticity seem considerably more convincing than Melkus's. On Sunday evening their recital concentrated on the theatre music by or attributed to Purcell, and by William Croft.

David Thomas was the bass soloist, especially impressive in songs from Purcell's *Indian Queen* and *The Tempest* (this last is now thought to be by Purcell's pupil, John Weldon). His voice is not overly resonant and he does not make a particularly distinctive or individual sound. But his keenness of attack, fluency in rapid runs and divisions in any register and at any dynamic level, and accurate tuning are exceptional. Since most of these qualities would be compromised if Thomas aimed for a fatter or more vibrant tone, one must concede the suitabiliy of his vocal means for this repertory.

Heard soon after the middle-*kus's crew, The Parley's strings* were especially refreshing. Playing with low-tension baroque bows and a minimum of vibrato, phrasing in short, bouncy rhythmic units, the ensemble has an open, easy style, always alive to the dance rhythms of this genre. Co-director Roy Goodman led with a good mixture of wit and guts. His stylistic command enabled him to ornament the principal part with seemingly spontaneous ease, an ideal not often reached.

RICHARD JOSEPH

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Tuesday October 28 1980

Jittery stage in U.S. cycle

CONTRADICTORY U.S. economic indicators, compounded by rival party interpretations of the figures in the election campaign, have combined to produce something of a stampede by economic forecasters to hedge their bets. The currently conventional hedged forecast goes something like this. The recent growth of output and employment shows that the brief interlude of very high interest rates in the spring produced only a temporary, though sharp correction in the real economy. However, since inflation remains obstinate, the recent recovery is likely to be throtled by a secondary rise in interest rates.

The fact every clause in this diagnosis is highly questionable. The rise in output since the summer trough has little value as an indicator of future trends. High interest rates and fear about liquidity forced a very sharp stock corection in the U.S. Some recevory in output is normal once stocks have been reduced, and there is no reason to expect any very impressive follow-through.

Bond market

Interest rates seem to be telling much the same story—a rather exaggerated fall, followed by a sharp counter-correction. Until quite recently, the bond market was looking forward with some confidence to a renewed downward drift of interest rates in the final quarter of the year. This confidence has now ben deflated, notably by the publication of the most recent minutes of the Federal Reserve Open Market Committee, pointing to a tighter policy; but bond yields are still below money market rates.

The real question for the longer term, however, is not the adjectives chosen by the FROMC to describe the current stance of monetary policy, but the economic background to that policy. In some ways that background looks familiar to a British observer: the inflationar outlook may well improve, but excessive officials borrowing is tending to block any matching relaxation of credit conditions.

The inflation picture, unfortunately for President Carter, probably looks worse at the moent than it really is. The rise in energy costs has now been followed by a drought and a rise in food costs, which the Middle East conflict has checked and reversed the normal cyclical downturn in some coodity prices. On the other hand the domestic picture, apart from farming, looks relatively healthy. Real wages have resumed their down drift, while underlying productivity is still rising, albeit sluggishly.

Against this background the Fed's objective of limiting the growth of the broader monetary aggregates to an 8½ per cent annual rate looks tight rather than acutely deflationary and here the contrast with recent UK history could hardly be more marked.

The fiscal problem, however, looks obstrent. At the moment the Carter administration wishes to tighten the underlying fiscal stance quite sharply in the current Budget year; but this programe is a hostage to Congress as well as to the Presidential election. The chairman of the Fed, Mr. Paul Volcker, has been trying to warn the politicians that a bout of unrequited tax-cutting would provoke the kind of collision between fiscal and monetary policy which Mrs. Thatcher is now struggling to disentangle. There has been litle sign of any response.

Finally, and again there is a partly misleading parallel with oour own experience. the U.S. authorities face a potential dilemma over monetary policy as a result of foreign inflows. Current U.S. interest rates are high enough to attract considerable inflows. As long as these remain liquid, they are directly measured as part of the U.S. money supply (which is not the case in the U.K.). For this reason some financial analysts are now arguing that the Fed should base its policy actions on the growth of domestic credit rather than of liquidity, lest a vicious circle of high interest rates and strong inflows should be established.

Competition

Subject to this dilemma, it seems likely that the U.S. will be a less helpful trade partner but a less unhelpful financial partner than is implied by the more fashionable diagnosis. Activity, especially in construction, seems likely to remain subdued, and so does consumer demand, while the U.S. competitive performance in manufactures is likely to remain formidable; but if domestic demand does remain subdued, the U.S. should in due course be able to join in any general downward drift in interest rates. Of course further worsening of the international situation, and the financial turmoil which might result, could throw this picture badly awry.

Comparability at an end

THERE WILL be little regret outside the civil service over the Government's decision to suspend the system of pay comparability studies conducted by the Pay Research Unit. At a time when a sharp and rapid decline in pay settlements is an indispensable condition for the success of economic policy, and when all indications suggest that this decline is actually under way in the private sector, it would have been almost unthinkable to preserve the illusion that public servants' pay can be based on some criterion of "fairness" which is independent of the state of the labour market and the requirements of the Government's fiscal policy.

If Government policy requires workers throughout the economy to accept temporary declines in their standards of living, then public servants should not be the last to be forced to make sacrifices, since they are the ones for whom the Government is directly responsible. It was as much as anything else the Government's failure to put its own house in order in the last pay round, that greatly weakened the effect of its monetary policies on inflationary expectations.

Sacrifices

Over the next six months, the Government will have to formulate new tactics on public sector pay to replace comparability. Quite simply it will have to squeeze public sector pay settlements down to the level which it regards as comparible with the sacrifices brought in the private sector. Almost certainly this level will be in singl efigures and, if possible, it should be no higher than the level imposed by international market forces on the more exposed parts of the reduction in public sector wages can be achieved relative to wages in the private sector, then by this time next year it should bepossible to avoid further cuts in public sector services and to look forward to the possibility of reductions in taxes and public borrowing as the Government's oil revenue increases.

However, in the longer run it may be more difficult to jettison the whole notion of comparability as a basis for pay negotiations in the public sector. Indeed, during the 1979 "winter of discontent" and subsequently in the Conservative manifesto, there was discussion of the possibility of concluding no-strike agreements with employees in key emergency services, presumably in exchange for assurance of some kind about the protection of their relative pay levels. In the present situation of economic crisis and high unemployment, the Government may be able to base public sector wage bargaining on little more than its determination to resist pay demands, but eventually less adversary negotiating methods could again become politically advantageous.

Two-edged sword

When the time comes to seek new pay structures for public servants, the most important lesson that will have to be remembered from the disastrous experience of the last pay round is that concepts of fairness and comparability, however defined, must not be allowed to over-ride the operation of market forces.

However, market forces are a two-edged sword. Just as teachers and civil servants must expect their relative pay to fall as long as their professions continue to attract more new recruits than the Government is prepared to employ, so Ministers must appreciate that public sector pay cannot fall continuously relative to that in the private sector for groups of workers who are employable throughout the economy.

After the shake-out in public sector employment is over, a well functioning labour market should ensure that, in the long run, the rewards for a secretary, clerk or manual worker employed in the civil service are not very different from those of a similar worker in a private corporation, making allowance for job security and pension benefits. If the Government succeeds in squeezing public sector pay in the next year or two, it will still require finesse to control the subsequent catching-up period which has often in the past generated a new inflationary explosion.

MASSEY-FERGUSON IN BRITAIN

Industrial test for the Tories

By Hazel Duffy

MASSEY-FERGUSON has been called Canada's Chrysler, but most people have failed to realise that it could also be the Thatcher Government's Rolls-Royce.

Although the number of Massey employees in Britain does not compare with the old Rolls-Royce, and the produce—agricultural equipment and diesel engines—are far less strategic than aero-engines, Massey constitutes the first major company crisis in the private sector to confront this Government.

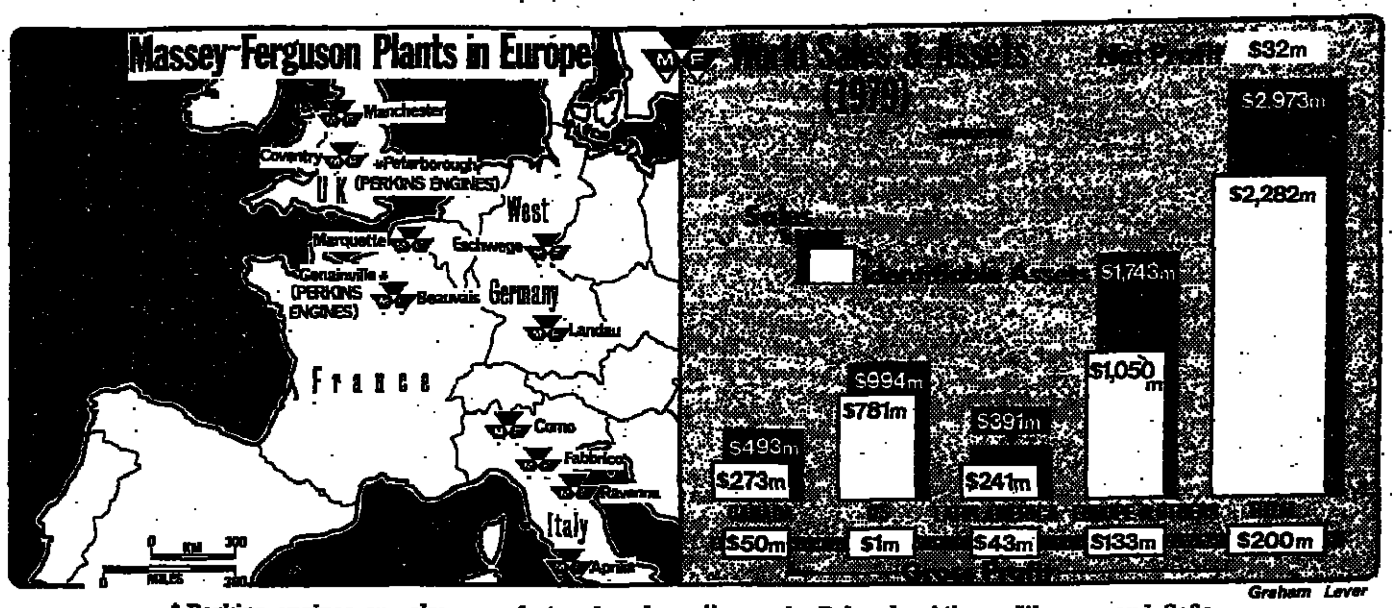
It is paradoxical, however, that it has happened with a foreign-controlled company, so tying the British Government's hands and preventing it from taking a lead even if it had so desired.

Tomorrow Massey-Ferguson and the Canadian Imperial Bank of Commerce will make the first of a series of presentations to the group's 250-odd bankers at Barclay's Bank in London.

Massey, in many respects, is more of a British company than Canadian. The group originates from Massey-Harris, a Canadian company which used to make tractors at Kilmarnock in Scotland, as well as other locations around the world. Most who remember them, however, say that the design was poor.

The real impetus behind Massey's role as one of the world's major tractor manufacturers came through the acquisition of Harry-Ferguson in 1953. The Ferguson tractor, made at the Standard Motor Company's plant in Banner Lane, Coventry, has been described as "the greatest single advance in the history of agricultural machinery." It was ideally suited to the needs of the developing countries, and provided the springboard for Massey's jump into the world of multi-nationals.

The second sortie into the UK was the acquisition of Perkins Engines in 1959. Again, this was a company which had been based on the vision of one man—Frank Perkins—and the engineering excellence of its original product design. But the company's finances had been in poor shape for several years, and it was clear that it could not survive on its own.



* Perkins engines are also manufactured under license in Belgrade, Athens, Warsaw, and Sofia.

It was sold to Massey for about $17m.

The successes and failures of Massey since then have been well documented, culminating in the latest financial crisis. British Government officials are now exploring how they may be able to ensure that the UK operations have a firmer financial base from which to operate.

But the Government has little or no leverage on its own

But the Government has little or no leverage on its own.

The Government is anxious, if the banks agree to the financial package being constructed by themselves and the Canadian Government, that the banks make sure that the money stays in the UK and does not get swallowed up in what could be the "bottomless pit" of Massey worldwide. If the rescue package looks as if it may not come off, the aim must be to find some way of keeping the British subsidiaries afloat.

The Government's reasoning is not just based on historical sentiment. The British assets of Massey represent 30 per cent of the group's total net assets worldwide, equal to $U.S.148m at July 31, 1980. Massey's farm equipment is a vital part of the British agricultural engineering sector, which under the Labour Government's industrial strategy was designated as one of the stronger parts of Britain's faltering engineering industry.

The importance of saving Perkins diesel engine capability is even greater, not only on employment grounds—although its Peterborough factory alone employs around 9,000 out of the 16,000 Massey total in the UK—but also because diesel engines are a growth sector worldwide and Britain cannot afford to get left behind.

Perkins' vital part in the future of this sector recognised Whitehall, as has the fact that the company's strength was being sapped by the problems of its parent. Three years ago, an independent Price Commission report noted that Perkins' "future success will depend on its research effort and on its ability to fund the developments arising from it."

It then went on to comment: "The product development and capital re-equipment necessary in the future will require substantial funds. One problem facing Perkins is the likely inability of Massey-Ferguson to fund the forecast investment. This could lead to Perkins' engines technologically falling behind those of its competitors." Since then, of course, Massey's deterioration has been quicker than was anticipated at the time of that report.

Government officials have not had much success in underpinning the British diesel engine industry. Between 1972 and 1979, Britain's share of world production of diesels in the 51-500 hp categories (the most popular) declined from 24 to 15 per cent. The rest of Western Europe went up from 39 to 41 per cent, and the U.S. from 18 to 22 per cent during the same period.

Britain makes a wide range of diesels, but every company is now finding that conditions are very tough. Cummins (which has three plants in the UK), Perkins, Gardner, Rolls-Royce and Dorman have all made cuts in their workforces recently.

In the past six months, the British diesel engine sector has received two further setbacks. International Harvester, which looked at Britain as a possible location, has decided to build a plant in Spain, and Ford has signed an agreement to buy car diesels for the U.S. market from Steyr in Austria.

Any weakening of Perkins would therefore be doubly disappointing, which is why there are many who would like to see it taken away from its parent. But it has been assumed that Perkins' close relationship with Massey — its biggest customer — would make this very difficult. This year, Perkins expects to sell 97,000 engines to Massey, 34,000 of them in the UK, out of total sales in the region of 200,000 (down sharply from earlier years).

However, the French Massey plants have probably taken as many as 30,000 engines; which means that Perkins' independence on Massey in North America—this year at any rate—is not that great.

Perkins could probably be more profitable

In addition Perkins in Peterborough is now making many more engines for non-Massey customers in North America since Perkins closed down its short-lived plant in Canton, Ohio.

Perkins' engines are well regarded in the U.S. where they are bought by a number of leading equipment manufacturers. And the growing switch from petrol to diesel engines in the U.S. provides considerable opportunities for the European diesel makers, which have much more experience with small diesels than their American counterparts. If Perkins can capture a fair share of this market, it need not worry too much about the Massey link.

Perkins is well managed, and is at last getting to grips with its overmanning problems. In normal years, it makes an adequate profit — in 1979, engines contributed $58m at the trading level—but it could probably be more protfiable. It is said that Massey gets its engines at a rock-bottom price from Perkins, and some analysts believe that Massey has been taking advantage of this for years.

It may be, therefore, that Perkins can be viable—and even improve its chances—as an independent entity. There are also strong reasons why the UK farm equipment operations should survive. The British plants—two in Coventry and one in Manchester—produce about half of Massey's European tractor output, and export 75 per cent. Most of the other European production is centred at Beauvais and Marquette in France. Combine harvesters are also made at Marquette, since Massey's Kilmarnock factory closed last year.

Massey's British plants make some of their own components—axles and gearboxes, for instance, are produced at Banner Lane, while the engines come from Perkins—and buy the rest from up to 400 suppliers. This dependence on outside suppliers for forgings, castings, electrical parts, etc. is another reason why Government officials are anxious to ensure that Massey stays in business in the UK.

Over the years, Massey in Europe has been much more successful than in North America. It is for this reason that the London banks would prefer to make their commitment to the European companies, which at least appear to have a chance of survival. There are many observers who believe that Massey as a multinational would still not be a survivor even if the rescue package goes ahead without a hitch.

The Government and the banks step in

THE PROBLEMS of Massey-Ferguson have caused a flurry of activity between Whitehall and the City, via the Bank of England, which is reminiscent of the period before the last general election when the then Labour Government actively supported and encouraged the idea of State intervention in industry. The present Government does not believe in rescuing lame ducks itself, but it is now showing that it is quite happy to stand on the sidelines, and even sometimes to take a more active role, in the interests of encouraging rescue attempts.

In the Massey case, bankers have visited the Department of Industry where the industrial impact of a collapse has been assessed. Consideration has also been given to providing any rescuer with investment aid from established support schemes such as those offered recently to Bowater and awarded earlier in the year to Dunlop.

The Bank of England has acted as a central clearing house for those with an interest in the company, while the Export Credits Guarantee Department has been guarding its own commitments. Ministers have been kept informed and, while showing no interest in breaking their "no lame ducks" rule, have not stopped the Industry Department's civil servants playing a role.

Whether this role involves actually cajoling banks and other institutions to provide help, or whether it is simply a matter of staying in touch so as to keep Ministers informed, is a moot point. Certainly the Industry Department is quite happy to act as a sort of honest broker between a company in trouble and a possible investor and it often does so, especially for smaller companies in the high technology area. It is also willing occasioally to link up with the Bank of England in trying to persuade clearing banks and other financial institutions to play a positive role in helping companies

This active role started with the last Conservative Government's industrial policy "U" turn. The then Department of Trade and Industry decided, after being surprised by the Rolls-Royce collapse, that it ought to be better informed. The introduction of the interventionist policies of the 1972 Industry Act (which still provides the basic statutory authority for most forms of industrial aid) made it even more necessary for civil servants to become involved.

This increased with the last Government's industrial strategy, but Sir Keith Joseph's abhorrence for such forms of civil service activity have led many people to assume that such involvement has ceased. It has not.

For a time after the last election civil servants kept a low profile till they saw how strictly Sir Keith would enforce his doctrine. But it quite quickly emerged that he was open to argument, and that he could be persuaded to carry on with some forms of industrial aid, for example on certain new investment projects, on high technology, and on research

The onset of the recession has also now made him realise the value of the work done by the sections of his Department which sponsor individual sectors of industry and keep Ministers involved about problems.

Links with the City, and in particular the Bank of England, are handled by top civil servants who (with the support of Sir Keith) are adept in turning their long-term contacts into short-term arm-twisting exercises when necessary.

So Sir Keith has had to trim his belief in the self-sufficiency of market forces and realise that the Government cannot stand aloof. His acceptance of the civil servants' role is almost more of an intellectual change of tack than his continuation of the various forms of financial aid.

John Elliott

MEN AND MATTERS

Failure is his forte

"I've never known a time when industry faced such difficulties," says Stanley Samwell, newly-elected president of the Insolvency Practitioners' Association. "There were some bad patches in 1973/74 but now it seems to be right across the board."

With receivership appointments doubling in number since the start of the year to around 70 a month, Samwell takes office anxious to stress the constructive aspect of this side of the accountancy profession's work.

"There was time," he admits, "when the only object of the exercise was to recover cash. Now the receiver's responsibility is to save as much as possible of the company and keep it going.

"Many companies that get into difficulty cannot stand back from their operations and see what has to be shed to make them viable."

Samwell, a senior partner in Josolyne Layton - Bennett, worked as an internal auditor for a U.S. multi-national before becoming a specialist in insolvency problems 14 years ago.

Stanley Samwell—gloom across the board.

For the past two years he has been writing a book on corporate receiverships, to be published shortly by the Institute of Chartered Accountants.

"I've analysed nearly 60 cases and endeavoured to draw lessons from them for bankers and lawyers as well as accountants," he tells me.

Samwell, as chairman of the association's legal reform committee, was deeply involved in preparing and presenting evidence to the Cork committee on insolvency.

He is, to say the least, disappointed by the current attitudes in Whitehall and Westminster towards the issue.

"It really is essential that the whole law should be rationalised," he says. "Liquidations, receiverships and bankruptcies are covered by completely different legislation, much of it dating back to the nineteenth century. Considerable costs and effort could be saved if it were simplified and streamlined."

Meals on wheels

In City boardrooms, it seems, diners prefer plain food. Surgical operations on the pheasant or the papreciative ceremonies that attend thesubtleties of a French sauce tends to interfere with the business in hand. That is the main lesson Nicholas Huntington has learned in the 12 years that his Moveable Feasts has been catering for the tastes of busy businessmen.

Roast beef, chocolate mousse and cheese, he says, appear to be the City's staple diet.

Huntington began his outside catering services from a shared flat in Sloane Street where the dawn arrival of his cooks ensured that his flat-mates were always the first at their office desks.

Now, from his Islington kitchens, a fleet of vans serves an average of 50 0luncheons a day in the City, offering a multitude of permutations on his 20 basic menus or a maxi-snack providing "sufficient sustenance to prevent famine or the birth of an ulcer."

From around £6 to £9.80 a head, Huntingdon reckons that he can satisfy most appetites rather better than any restaurant. If you do want salmon or grouse, his family's estate in Scotland will supply it. If not, he is willing to go out with gun and rod himself. If you are into macrobiotics, his wife Zara, a former nurse, will ensure that your meal is not contaminated by a gram of potassium or sodium chloride.

After that sort of service, the provision of tables, china, glass and cutlery is mere child's play, he says.

Huntington's only worries, as they have always been, tend to be the physical problems of shifting his meals through London's traffic to ensure that they arrive hot and on time.

He once invested in two cheap and supposedly fast Russian vans which promptly broke down on the M4 on their way to a reception in Reading. Disaster was averted by a volunteer to the waiting tables.

Huntington's services are increasingly extending into the political and diplomatic fields. The recession, he tells me, is not having any marked effect on appetites, though the number of guests at City tables is declining slightly.

Looking further ahead, he has tentative plans to take his gastronomic delights to Manchester an deven, perhaps on to Glasgow. "Living in Scotland again—and cheaper fish," he tells me, "would be a recipe for great happiness."

Hoss rides back

Houston oilman John R. Blocker, who rode into Europe earlier this year touting the attractions of his contract drilling and oil exploration company, is on the trail back.

On his earlier canter through the banks of London, Zurich, Geneva and Frakfur, "Hoss" Blocker and his posse of fast-thinking young vice-presidents rounded up $25m in convertible debentures for the three-year-old Blocker Energy Corporation's fast expanding business.

Next time, vice-president Mike McLanahan tells me, the main target will be well-heeled individuals with tax problems—particularly in West Germany—who may care to ease some of their difficulties and share in the thrills of oil exploration through the limited partnerships which Merrill Lynch has been promoting on the company's behalf in the U.S.

Blocker differs from the usual run of newcomers to this risky business. In its president, former head of Dresser Industries' worldwide mineral interests, it has the obligatory experienced man with a nose for oil-bearing strata. But is also firmly founded on a contract drilling business which has some 35 rigs for lease in Canada, the U.S. and Latin America.

It is mainly on the strength of this operation that turnover in the first nine months of this year rose $20m to $53m.

The exploration side, however, is poised to take off, and Blocker and his team are rapidly adding musicle to the business in preparation for a shift from the over-the-counter market to a full listing.

Last week the corporation bought a half share from Lear Petroleum in a promising 56,000-acre patch of land straddling the Montana and North Dakota borders. But the big money, I hear, will be coming out later this week when Blocker will pay $50m in cash and paper for a private operation, Kissinger Petroleum, which has a 375,000-acre plot in the same area.

Car caveat

Card in a North London shop window: "For sale, 1974 red Mini 1000. Recently fully-overhauled by mechanic owner. Very litle use since."

Observer

INNER CITY HOUSING PROBLEMS

Islington rates: worse is still to come

"IF YOU'VE nothing better to do than stand there like one o'clock half struck, go and join that lot at the Town Hall and get away from my pitch," shouts one of the more outspoken traders in Islington's Chapel Street market at the bystanders blocking his stall.

His view that the council of one of inner London's more deprived boroughs leaves a lot to be desired is certainly not atypical. It is also not altogether accurate.

Islington was one of 14 boroughs recently singled out for penalty as a profligate "overspender" by Mr. Michael Heseltine, Environment Secretary. But the council was able to disprove the charge without even altering its 1980-81 budget. It was granted a quick waiver after it established that an apparent £1.6m overspend in the 1980-81 budget was actually turning into a slight underspend.

By drawing up its list of so-called overspenders the Government was, in effect, in danger of contradicting its own urban policy. Inner urban areas need to spend vast amounts of money to try to solve their problems and most have specifically been recognised as areas of special need by the Government in its partnership programmes. To attempt to penalise them in this way may prove politically to have been counter-productive. Islington called the bluff—and won. Other councils may have equal success.

The fact that Islington has been taken off the list, of course, does not mean that the council has been certified "efficient." Indeed, there are many indications that it is not, but few available figures on which to make a reliable assessment.

The number of people employed by the council has climbed 11 per cent since 1975 despite the continuing fall in the population. The council argues that its activity has increased to match this growth in staff and that its full time workforce of 4,530 is down 1.6 per cent on last year.

Ratepayers are not convinced by this argument, but without a detailed time and motion study it is a case that has proved difficult to establish. There is, however, no debate about the fact that the borough is in trouble.

Like other authorities on the list, Islington is suffering from deep-seated problems that have a long history. The pattern is

Robin Pauley looks at an inner London borough council's housing programme, and examines its ever-increasing impact on the rates.

repeated in many other London boroughs, and in ageing cities such as Manchester, Sheffield, Leeds, Newcastle, Liverpool and Birmingham. Some are on the hit list, some not.

The problems they all have in common are:

- very bad housing:
- declining population and a contracting rate base;
- rising unemployment:
- serious social problems, which put a disproportionate strain on social service budgets.

Seen from Islington and other similar areas these problems seem all but insoluble. Despite extraordinary efforts and the spending of massive sums of money which the borough did not really have—Islington still has to face an unemployment rate of 13 per cent, one of the worst in the country. One in four families is single-parent, the highest proportion in England.

The Labour council which is grappling with these problems is deeply split 25-25 between moderates and the Left. There are only two Tories and 50 Labour members.

But Islington—and its council—needs strong leadership to deal with:

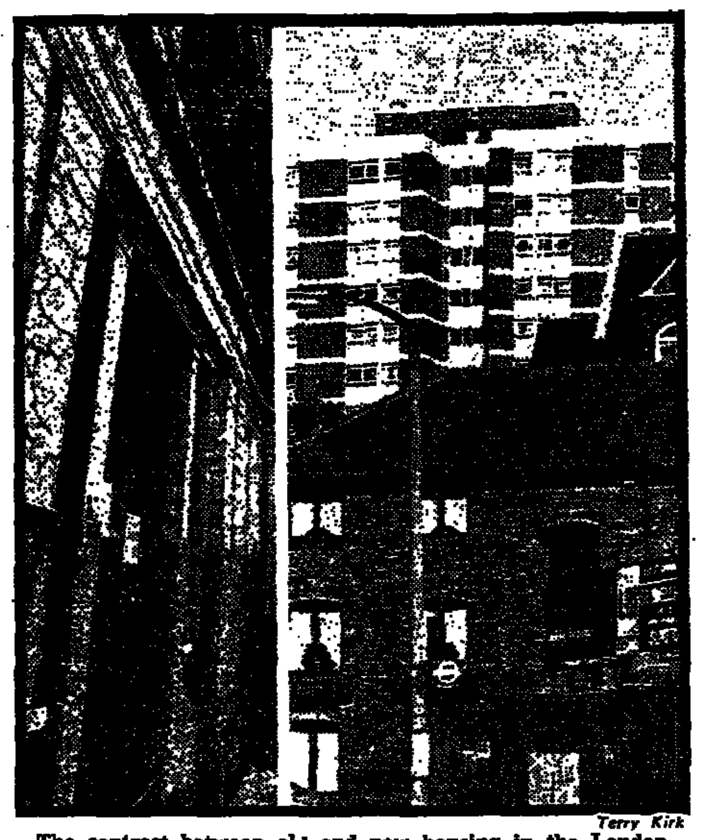
- a budget of £120m a year and net debt of £400m;
- a population of 160,000, down from 270,000 20 years ago;
- a housing investment programme which requires the whole of the rate income simply to service the debt charges;
- the fifth highest average domestic rate bill in the country—£348 and
- a rate which has risen 86 per cent in two years and seems cerain to rise steeply this year.

The entire municipal operation in Islington is overshadowed by one factor: housing. The scale of the problem, the cost even of beginning to solve it and the drain on local finances it will have for the rest of the century have imposed almost impossible burdens on Islington and many other inner urban areas.

Islington had to undertake massive slum clearance and rehousing schemes and now has 37,500 council tenancies, about 50 per cent of the total number of households. The cost has been £60m in the last eight years alone.

Housing takes 37.5 per cent of the £60m gross revenue budget but more than 90 per cent of the capital budget which accounts for most of the other half of Islington's annual expenditure.

Only in the last year or two have the realities of mounting such a massive housing programme hit home, mainly in the ratepayers' pockets. Housing programmes are funded over 60 years and the size of the investment in Islington, with a comparatively low number of ratepayers, explains why all the rate income goes on the housing debt servicing. Ratepayers not yet born will have to service this debt in years to come.



Terry Kirk

The contrast between old and new housing in the London borough of Islington.

Unexpectedly high interest charges plus severe cuts in the Government's housing investment programme allocations have left the borough's housing finances tottering. A 1 per cent rise in interest charges costs the council £10,000 a year on each £1m of debt.

"In spite of all that, the problem is still not solved. We have 10-11.000 households missing one or more basic amenity. There are 11,500 households on the waiting list and last year 2,200 people applied for homeless family accommodation," Mr. Gerry Southgate, the embattled Labour moderate leader, said.

So Islington is still building and trying to rehabilitate and renovate older property. But the cut-off in Government funds—the borough lost £31m from its bid for housing cash in this year's cuts—means much cannot be done. Its capital programme this year is £48m, compared with £50m in 1974.

"If we cannot carry out proper repair and maintenance on a regular basis—which we cannot—never mind bringing sub-standard homes up to a reasonable level, we are storing up huge financial problems for the future. The real effect of the cuts will be seen in the mid and late 1980s when the lack of repair work will show up in a very expensive way," Mr. Southgate predicted.

Mr. Southgate admits embarrassment at the fact that 1,200 council properties in the borough stand empty, but says the problem is heightened by lack of money to renovate those which are dilapidated.

Another problem is the poor quality, as in the rest of the country, of so much of the 1950-1960s housing stock built at a time when new, and not fully proven materials were used to save money. Islington has not yet had to pull 15 or 20-year-old housing down — unlike most inner urban councils — but repair costs are daunting.

The high rate rises in which housing has played a significant part over the past two years have provoked enormous anger in the borough. This has been aggravated by the council's reluctance to charge anything approaching an economic rent for council dwellings.

In 1978-79 a proposed rate increase of 39 per cent was reduced to 32 per cent after a furore. Last year the moderate Labour members fended off demands from the Left for a 50 per cent rise and stuck to an only slightly-less painful jump of 41 per cent.

It is impossible accurately to predict Islington's rate increase next year (other than to say it will be very high) because of the uncertainty about how the Government's new block grant proposals for rate support will work. Council officials expect a 30-40 per cent rate rise plus an extra 5-10 per cent to compensate for the disadvantage the borough is sure to suffer under the new system. In both cases the higher figure looks more likely and even that could be an underestimate.

This rate burden falls more and more heavily on a smaller and smaller number of people. The population drift has taken large numbers of younger working skilled and semi-skilled out of the borough.

As in other inner city areas Islington's population is polarised at both ends—the poor, unemployed, deprived and old on the one hand, most of whom receive rate rebates (40 per cent of Islington ratepayers get rebates in one of the country's most generous schemes) and the so-called "gentrified" middle classes on the other. It is the middle class minority, together with industry and commerce, which is propping up the rate funding.

In one sense perhaps they have a social responsibility to do so. The return of the middle classes to the smarter parts of the borough—the Georgian terraces of Canonbury and Barnsbury, Gibson and Canonbury Squares — has sent property prices soaring. In a borough of such extreme contrasts there is no doubt that part of the price of living close to the City in some affluence must be to subsidise that part of the population which has always lived there in considerable deprivation.

But it is this very closeness to the City which causes a severe problem because its proximity is regarded as an asset in terms of rating valuation. Rateable values in Islington are, therefore, disproportionately high, particularly in the Finsbury area of the borough near the City. The rates for a flat in a skyscraper block there are higher than for a house with a garden in the north of the borough.

The present system of valuation assumes, quite unrealistically, that a high rateable value means higher incomes and thus a greater capacity for the residents to pay over the odds in rates—clearly not the case in Islington. But this assumption means the council gets less than the necessary amount of grant required to match its actual needs because certain key social factors are omitted in the calculation. This year the council reckons it lost £11m—the equivalent of a 23p rate—because of the system.

As it was, part of this year's rate rise was accounted for by a contribution of £3.4m (£20 per head) to balances which had run down to precarious levels. This may reappear to hold rates down in the next election year or may help to absorb the adverse effects of the block grant scheme on metropolitan areas.

While Islington fights to hold its rate levels and to solve its housing and social problems, a new political scenario is shaping up.

For the present, Mr. Southgate's moderates retain control with Tory help, partly because the young Left find it difficult consistently to field a full team owing to other commitments.

In 1982, the next London borough elections, the Left in Islington, already laying the groundwork, seems assured of a majority for its policies of much higher spending levels. A borough with a population base like that of Islington is dead territory for any major Liberal or Tory hopes.

So the message for the borough's ratepayers who bridle at their present rate bills can only be: it can only get worse.

Letters to the Editor

Energy price concessions

From the Chairman, Bowthorpe Holdings.

Sir,—It is a short-sighted Government policy in its failure to support industry by ensuring that the best possible energy price concessions are available. A typical example is Bowater's Ellesmere Port plant. Government efforts appear to be too late.

For home consumption, energy prices should be related to costs and not Organisation of Petroleum Exporting Countries prices. I understand that ICI enjoys preferential energy price concessions—why not the rest of industry? Hopefully, the CBI protest will have success. We need swift action.

Ray Parsons.
Crawley, West Sussex.

Perspective on pay

From the Director, Heating and Ventilating Contractors' Association

Sir,—While it is true that operatives in the heating and ventilating contracting industry "have done well from recent settlements" (Philip Bassett Oct. 24) the following points should be made.

Operatives in the industry were among the worst hit by the Labour Government's pay policy. For example, by the summer of 1978, the fitter's rate had fallen 23 per cent behind the building craft rate and 31 per cent behind the electrician's rate.

Following a report by an independent review body the then Government accepted that there was a serious anomaly but insisted that it should be corrected in two equal stages. Thus, the industry's recent settlements include a considerable "catching up" element.

The formula for pre-determining our increase next February fell apart but our negotiated 15 per cent settlement (although high in the present climate) will produce rates not out of line with the predetermined rates in plumbing and electrical contracting.

The lessons from all this are perhaps fourfold. Inflexible pay policies inevitably produce serious anomalies and new thought should be given to this. In changing economic conditions long term wage agreements are undesirable in principle but the impelling force is the fact that contractors are required to quote firm prices for a year or more ahead. Because of the varying situations of different industries, it will not be possible this time to achieve an even and tidy wage round.

Nevertheless, in this round and in subsequent rounds moderation must be the keynote because moderation in wage increases produces moderation in price increases. It cannot be the other way around.

G. F. Cutting.
ESCA House, 34 Palace Court, Bayswater, W2.

Lamb sales overseas

From the Assistant Director General National Farmers' Union

Sir,—I should like to comment on your article on the effect of the common sheepmeat market regulation on our lamb sales overseas (October 23). As the negotiations on the common regulation approached their climax earlier this year it was quite apparent that there would be no common market for sheepmeat in the EEC unless it provided some continuing protection for French and other high cost producers. The end result is of course a political compromise and a better one than most thought possible. The British Government has an undertaking from the Commission that if, in the event, the regime frustrates reasonable UK exporting opportunities it will be necessary to reconsider the arrangements.

It is certainly true that the "clawback" charge on exports has immediately disrupted sales to countries other than France, markets to which our lamb has had free entry hitherto. But it is far too soon to see how the market may develop when it has adapted to the new regime. Some Continental wholesalers have been making a killing out of the big gap between British and local lamb prices and will no doubt have to moderate their expectations. This will need harder selling and I am sure our exporters will respond to this.

As far as the French market is concerned, constant access subject only to prices and "clawback" should permit better organisation of our sales. By the end of the year it should be possible to see more clearly how the trade flows will develop.

P. R. Butcher.
Agriculture House, Knightsbridge, SW1.

Management charges

From the Managing Director J. C. Burns (Financial Management)

Sir,—Mr. G. Jordan (October 22), quite rightly asks what the Unit Trust Association, Department of Trade and "Banks acting as trustees for unit holders," are doing for the small saver in the current spate of increased management charges.

I think we can safely assume that those banks who run their own unit trusts will keep a very low profile on this particular matter, as they will also wish to increase the management charges on the unit trusts they themselves manage!

J. C. Burns.
61a London Street, Norwich.

Milk in cartons

From the Secretary, Milk Packaging Manufacturers' Association

Sir,—I would like to correct an impression that may have been created (October 17) by Mr. Horsley, the president of the Dairy Trade Federation, concerning the trippage of the milk bottle and milk cartons in shops.

Cartons in the main cater for the "carry home" market — a carton of milk being somewhat lighter and easier to carry than a bottle — for those who either do not have a regular milk delivery or who supplement it with casual shop purchases.

As was pointed out in the Dairyman's Yearbook, "The supply of milk in glass bottles to shops and supermarkets is proving increasingly less profitable for dairy companies, and the introduction of non-returnable containers for retail outlets is helping to maintain the economies of the glass bottle within the doorstep delivery service." In other words, the trippage of milk bottles bought in shops is poor and uneconomical. We understand this figure to be, on average, three trips per bottle, thus making a bottle more expensive, when sold in a shop, than a carton.

The carton is not a rival, but a very necessary supplement, to the glass bottle, in keeping up the rate of milk consumption in Britain. Indeed, this would have fallen rather faster in recent years were it not for the increase in the sale of milk in cartons which rose by some 27 per cent in 1979 alone.

T. E. Grimes.
24, Portland Place, W1.

Japanese car production

From the Assistant to the Manager Japan Automobile Manufacturers Association

Sir,—Regarding your October 23 report that Japanese vehicle production rose 41.2 per cent in September: this may be correct, but of course it was not meant to be a comparison with September 1979, but with the previous month of August this year. And as you may know, all Japanese automakers close their factories for several weeks' vacation in August, and consequently their production level through that period is reduced considerably. So the September figures cannot in this context be compared to the August figures.

The fact is that production of Japanese motor vehicles was particularly low this August—some 100,000 units fewer than in the same month last year.

K. Sawada.
33, Rue de Ponthieu, 75008 Paris.

Help for small businesses

From Mr. M. Jarrett.

Sir,—The latest proposal from the small firm lobbyists (noted on October 13) for a Ministry of small firms is viewed with interest, both politically and economically, particularly in the present economic malaise.

From an economic standpoint, small firms may well be the basis of a restructured economy, necessary after the recession it is currently experiencing. Studies have shown that they can provide a source of long term employment which, via multiplier effects, may lead to greater income and wealth in the future. Not all of them will be run by "entrepreneurs" to achieve this but some, by ordinary individuals that are self-motivated by personal reward and job satisfaction, not just profits.

Politically as one of the priorities of the present Government such a policy would not be inconsistent with its general philosphy. Moreover, the problems of "inner city" decay may be stemmed by small firms regenerating urban sites. Thus, as future benefactors they need to be given careful consideration and assistance, whether their future roles are "feeders," "competitors" or arise from "disinvestment" by large firms.

It is felt that a radical change is required because the nine years that elapsed since the Bolton committee's inquiry on small firms have been far from satisfactory. The fragmented and unco-ordinated action that followed has failed to tackle the real problems of small firms like, management deficiencies, finance and taxation.

To achieve this, a "comprehensive" approach, and not a piecemeal one like before, is required. Tax reformation is a useful start. The advantages of tax concessions to small firms have proved a contributory factor to their success both in Germany and Japan. In fact, in the case of the latter, its Small Businesses Finance Corporation, a subsidiary of the national Government machinery, only found it necessary to finance expenditure over revenue of small firms to no more than 6 per cent, in the last three years. So, for those who ask where does the money come from, they are not a financial burden, and it is a small social cost to pay for future social benefits.

Other policies could include a guarantee service akin to that widely practised in the U.S. This would reduce "risk" and promote small firm investment from "outsiders." Greater co-operation between the public and private sector, where each could learn from the other, could also provide a number of facilities. These may be financial (which would need to be selective) thus the need for the "Ministry" to investigate viability on economic criteria and not to be just another "quango" On the other hand greater managerial assistance on a national scale, beyond that presently offered by small firms information centres, may be provided by experienced and qualified personnel from commerce and industry, e.g., Action Resource Centre.

Sectors of both the public and private bodies have contributed in varying degrees to help small firms. Nevertheless until it is systematically co-ordinated, and this Government now has the opportunity to do so, Britain will continue to be the follower of its trading counterparts, rather than the followed.

Mike Jarrett.
(Research assistant).
Department of Industrial Economics,
University of Nottingham, University Park, Nottingham.

Autumn of idleness

From Mr. J. Appleyard

Sir,—I am not just saddened by Michael Dixon's report in "Autumn of idleness mainly for the tax-earners" (October 23) that the Institute of Personnel Management appears to be maintaining a low profile over the issue of unemployment, but dumbfounded. Are not its members involved more these days in firing than hiring? Not so long ago the Institute issued a code of practice on recruitment, why indeed isn't there one now on redundancy, of concern not only to their own breed in management but to the rest of the diminishing workforce.

Before the Institute moved into this decade it was considered to be in the interests of its members and the profession alike to speak out on personnel issues of importance. Unemployment is not only an important and controversial issue: it is the scandal of the 1980s—this fearful mounting waste of human resources, this costly dole queue idleness. If the IPM isn't going to speak out—who is?

Believe you me if you are one of the two million plus—and among the 99,500, you have a vested interest in speaking out and doing something about it.

John R. Appleyard.
12, Vicarage Road, Teddington, Middx.

Today's Events

GENERAL

UK: Special meeting of Parliamentary Labour Party on timetable for leadership election and opening of nominations.

Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Association of Consultant Architects dinner, 66, Portland Place, London.

Mr. Jerry Wiggin, Parliamentary Secretary for Agriculture, Fisheries and Food, addresses Bacon and Meat Manufacturers' Association annual luncheon, Savoy Hotel, London.

Mr. Anthony Wedgwood Benn at luncheon given by City and Financial Group of Institute of Public Relations, Mansion House, London.

Central Electricity Generating Board meets unions on plant closures.

Public inquiry into appeals by Atomic Energy Authority against refusal to allow test drilling in the Cheviots, County Hall, Newcastle.

Herr Willy Brandt, former Chancellor, Federal Republic of Germany, receives honorary degree of Doctor of Laws at Southampton University and gives Fawley Foundation lecture on "The Future of Europe in a World of Change."

Thames Water Authority annual report.

National Children's Bureau annual conference, Bloomsbury Centre Hotel, London.

Overseas: President Carter and Mr. Ronald Reagan in television debate.

EEC Fisheries Council meets, Luxembourg.

The Queen and Duke of Edinburgh visiting Morocco.

PARLIAMENTARY BUSINESS

House of Commons: Imprisonment (Temporary Powers) Bill all stages.

House of Lords: Local Government, Planning and Land (No. 2) Bill, report. Highways (Road Humps) Bill, report.

Select Committee: Foreign Affairs, overseas development sub-committee. Subject: Energy implications of Brandt Report, 5.20 pm (Room 15).

COMPANY MEETINGS

Australian and International Trust, 120, Cheapside, EC, 12. Cray Electronics, 116, Pall Mall, SW, 12. Emess Lighting, 211, Piccadilly, W, 10.30. Epicure, Great Eastern Hotel, EC, 12. Linfood, 77, London Wall, EC, 12. Ricardo Consulting Engineers, St. Ermins Hotel, Caxton Street, SW, 12.

UK COMPANY NEWS

Tern-Consulate profits tumble and no interim

WITH PRE-TAX profits showing a sharp fall from £204,777 to £32,849 for the first half of 1980, Tern-Consulate, *maker of shirts*, ties and knitwear, is omitting its interim dividend. The directors say the expected downturn in trading, as forecast at the year-end, *has* been more severe than at first anticipated.

Last year, a net interim of 2p was followed by a final of the same amount, from pre-tax profits of £401,000. A final payment for 1980 will be considered at the year-end.

First-half sales were little changed at £3.3m (£3.27m). Trading profits dropped from £251,979 to £130,788, before more-than-doubled bank and loan interest of £97,939 (£47,202). There were *non-recurring* items of £26,571 this time.

Currently there appears to be a slight improvement in the level of demand for group products, although UK customers are continuing to reduce their own stock levels, the directors state.

• comment

Shares of Tern-Consulate moved 4p lower to 34p on the news of the sharp decline in interim profits. Although sales of the company, which specialises in shirts, knitwear and men's dressing gowns, have held up relatively well, pre-tax margins have virtually halved. In addition, income gearing has risen to nearly 75 per cent in the first half from around 19 per cent. The company has taken a £26,571 loss below the line which is hte legal and redundancy costs of purchasing Lloyd Menswear, *manufacturers of* dressing gowns, in January the first half. The company remains cauticus about the dividend prospects for the year due to the current volatility of sales,

INDEX TO COMPANY HIGHLIGHTS

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Gallagher	20	4	Mining News	22	5
General Scot Inv.	20	1	Outwich Inv. Trst.	20	1
Horizon Travel	21	5	Pochins	21	1
Lamont Holdings	20	5	Tern Consulate	20	1
Laughton and Sons	20	4	Tharsis	20	4

Gallaher well up at nine months

DESPITE A static third quarter, with profits at £16.9m against £16.6m, taxable surplus of Gallaher tobacco, cigarette subsidiary of American Brands Inc. of the U.S., have expanded from £45.2m to £66.2m for the nine months ended September 30, 1980. Sales for the three month period increased from £412.4m *to £467m boosting* the total so far to £1.36bn, compared with £1.18bn.

A more than satisfactory outcome for the full year is expected, *the directors state, despite* the launch costs of Sovereign king size in the last quarter.

Profits for 1979 totalled £63.2m.

There is a strong cash flow—reinforced by the sale of the Warriner and Mason grocery *company—interest charges are* down £1.5m to £1.2m so far, and the group is well placed to pursue a policy of further major diversification.

After six month,s profits had expanded from £28.6m to £49.3m *but the directors said that the* second half surplus was likely to be ata lower level reflecting rising costs, particularly in domestic tobacco, and other general pressures.

Third quarter domestic *tobacco profits rose* by 19 per cent, but compared with the first half profitability has declined in a keenly competitive market.

Overseas operations have experienced mixed fortunes, the *directors say. UK exports were* well ahead, and the Dutch subsidiary Niemeyer greatly increased its exports to West Germany. However, both Niemeyer and Ritmeester have faced tough trading conditions in the *Netherlands, and Gallaher* (Dublin), after a good start, has suf*fered from the decline in the* Irish market.

Overall profits in the third quarter were well down, the directrs state, and the outlook remains difficult.

Optical companies in the UK *and Italy made steady progress*, with a 27 per cent profits rise after nine months, and so far, recession effects have not been serious.

Pumps and valves operations in the UK were affected by weakening home demand, while profitability of their major *export business was hit by strong* sterling. The overseas subsidiaries continued to do well particularly in Italy, South Africa and Australia.

The directors say that the loss on the sale of Warriner and Mason grocery business in England and Scotland. when finally determined, will be treated as an extraordinary item in the *annual results*.

W. Lawrence lower midterm

DESPITE AN increase in turnover from £25.83m to £31.56m, pre-tax profits of Walter Lawrence, industrial holding company, fell to £609,000 for the *six months to June 30, 1980, com*pared with £986,000 for the same period last year.

In May, the directors forecast that the current year's results *would not be unacceptable. For* the previous 18 months period, taxable profits were £2.22m.

An interim dividend of 2.5p (1.8p) net is to be paid in order *to provide a more equitable divi*sion of the year's total and the directors anticipate that the 1979 annualised dividend of 7p net will be maintained. Half-yearly earnings per 25p share were down from 8.5p to 6p.

Some of the group's hand tool activities made losses in the six months. The restructuring referred to in the chairman's statement in May was completed *during August and as a result*, substantial closure costs and some redundancies were incurred.

The immediate result has been to *stem these losses* through production improvements and overhead *savings*. The market share is increasing and when normal trading conditions return, these operations will be in a position to make a significant contribution to group profits, the directors state.

As it was considered that cash injection required to make the *plant hire operations of Walaw* viable was unjustified in the present economic climate, all the non profitable depots have now been closed.

The directors believe the actions taken will enable the group to withstand the pressure of adverse trading conditions as efficiently as possible and any *reduction in interest rates will* have an immediate beneficial effect. They also feel that the group is well poised to take advantage of any upturn which *may occur in the economy*.

The costs of carrying out the reorganisation and closures are not expected to exceed £600,000 in the full year and will be treated as an extraordinary item in the annual accounts.

The group's contracting, house building and property interests increased their contribution in the period and in particular, results from house building *activities have been very* encouraging.

Interest charges amounted to £443,000, against £266,000. Interest of £126,000 (nil) on finance provided specifically for developments has been charged to work-in-progress

Tax took £310,000 (£489,000) *and after minorities of £73,000* last time, profits before extraordinary items fell from £424,000 to £299,000. Dividends absorbed £125,000 (£260,000).

• comment

The troubled hand tools business at Walter Lawrence has now apparently been brought round to break-even, indicating a much smaller loss for the second half than the £130,000 pre-tax suffered at the interim stage. The group should, then, despite continuing difficult *trading conditions*, be able to contain the full-year downturn within the level seen at the interim stage, indicating a pre-tax total of around £1m—the *1979 £2.2m* was for *an 18-month* accounting period. The forecast *dividend, maintained* on an annualised basis, indicates a prospective yield of 12.6 per cent at 82p, on a prospective fully-taxed p/e or slightly over 8.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Energy Finance ......int.	0.6	Dec. 5	0.6	—	—
General Scottish Tst. int.	1	Jan. 6	1*	—	2.5*
Lamont Holdings ...int.	0.4	Dec. 5	nil	—	1
Walter Lawrence ...int.	2.5‡	Jan. 5	1.8.	—	10.5§
Ldn. Atlantic Inv. Tst. int.	1.75	Dec. 19	1.75	—	4.5
Outwich Inv. Tst. ...int.	0.72	Nov. 28	0.72	—	2.66
Pochin's	8.13	Dec. 12	8.13	9	9
Tern-Consulate ......int.	nil	—	2	—	4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ *To provide a more* equitable division of total dividend. § For 18 months.

Lamont advances 49% in first six months

PRE-TAX PROFITS of Lamont Holdings advanced from £81,000 to £121,000 in the first half of 1980—a rise of 49 per cent—on turnover marginally higher at £1.8m, compared with £1.78m a year earlier.

As foreshadowed in the last annual report, this Edinburgh-based investment holding company with interests in engineering, life assurance and property, is introducing interim dividends and for the six months a payment of 0.4p net is declared. For the whole of 1979 a single pay*ment of 1p was paid from taxable profits of £283,000 (£101,000).*

In his interim statement, Sir Desmond Lorimer, chairman, says performance for the first six months, although gratifying, must be viewed in the light of present economic conditions and the *uncertainties as to future* trading and interest rates.

He says the full effect of the downturn in the construction industry has been felt by a reduction in home sales of plumbing fittings. As a result, *he adds, intermittent short-time* working is in operation in Edinburgh.

*The 63,000 square feet ware*house development at Stenhouse, *Edinburgh, has been completed* and partially leased, but no profit *from this source is in*cluded in the interim figures. *The office development in the* city remains partially let.

The chairman says the acquisition of McCleery L'Amie Group took effect in August and reorganisation to integrate the two concerns is well advanced. *This should prove beneficial* in the current year and more so in 1981.

The surplus for the six months was struck after depreciation of *£69,000 (£39,000)* and interest charges which amounted to *£117,000 (£105,000)*.

Tax edged up to £23,000 (£22,000) leaving earnings per 10p share up from 0.85p to 2.55p.

Attributable profit increased to £190,000 (£63,000) after extraordinary credits of £85,000 (nil) and minorities of *£9,000*, against £6,000. Retained profit showed a *rise from £63,000 to £136,000.*

Lamont is controlled by Ulster Finance.

INVESTMENT TRUSTS

General Scottish ahead to £0.5m at half-time

With gross income higher at £610,000 against £504,000, pre-tax revenue of the General Scottish Trust advanced from £405,000 to £510,000 for the half *year to September 30, 1980.*

Earnings per 25p share climbed from 1.27p to 1.63p and the net interim dividend is effectively held at 1p—last year's adjusted total was 2.5p.

The directors estimate that earnings per share for the current year will be approximately 2.95p (2.64p).

Net asset value was ahead at 73p per share, against 61p at March 31, 1980, after deducting prior charges at market value.

Ldn. Atlantic up so far

Gross revenue of London Atlantic Investment Trust rose in the six months to September [illegible] 1980, from £413,112 to [illegible] and after tax of [illegible] compared with £125,272. [illegible] revenue amounted to [illegible] *against* £255,500.

Stated earnings per 25p share are given as 2.54p (2.24p) and net asset value was 108.6p (103.5p). The interim dividend is a same-again 1.75p net. Last time a final of 2.75p was paid from taxable revenue of £810,000.

The company is a subsidiary of Finance for Industry.

Outwich Investments at £1.4m

An increase from £1.07m to £1.43m in pre-tax profits is reported by *Outwich Investment* Trust for the half-year to September 30, 1980. Gross income rose from £1.25m to £1.57m.

After tax up from *£327,191 to* £470,811, stated earnings per 25p *share are* 1.83p against 1.4p, and the net interim dividend is unchanged at 0.72p. Last year's total was 2.66p from pre-tax profits of £2.3m.

Midway advance by Energy Finance

An *increase of some* £24,000 to £179,680 in pre-tax profits is reported by Energy Finance and General Trust Holdings for the half-year to September 30, 1980. Turnover fell from *£421,433* to £391,130.

After tax up from £81,858 *to* £92,952, stated earnings per share are 1.31p against 1.49p. The interim dividend is unchanged at 0.6p, and absorbs £38,078 (£31,545).

Since the start of the second half, the company has undertaken an investment in Trans*atlantic Oil Company, acquiring* a 20 per cent interest in its capital at a cost of £375,000. The Board is greatly encouraged for the future of this acquisition.

The company's corporate finance and other financial activi*ties in the UK* continue to be active, and these still represent a significant part of the group workload. So far, says the Board, the general business of the company has not been adversely affected by the economic downturn.

SPAIN

October 24	Price %	+or−
Banco Bilbao	252	
Banco Central	282	
Banco Exterior	219	
Banco Hispano	241	−3
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	282	−1
Banco Urquijo	132	
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	110	−2
Espanola Zinc	63	−2
Fecsa	64.2	
Gal. Preciados	32.5	
Hidrola	69	−0.2
Iberduero	65	−0.2
Petroleos	116.5	+1.3
Petroliber	88.5	
Sogefisa	102	
Telefonica	62	−0.5
Union Elect.	69	

Tharsis drops to £13,000 at mid-year

Taxable profits of Tharsis Company for the first half of 1980 show a drop from £92,000 to £13,000. Sales for the period were also lower at £939,000, compared *with £1.03m a year* earlier. There is no interim dividend.

The interim results are the first from the company in its reconstructed form. The comparable figures have been adjusted to eliminate the results of the mining activities trans*ferred to its wholly-owned sub*sidiary Compania Espanola de Minas de Tharsis S.A. and to provide for notional taxation at standard rates applicable in Spain on the profits derived from the activities retained by *the company*.

The surplus for the six months was struck after a loss on translation of Spanish assets amounting to £124,000 (£4,000 gain).

Tax charged showed a drop to *£8,000, compared with £29,000*, and the net surplus was lower at £5,000 against £63,000.

The principle activities of Tharsis are the development and rental of land and agriculture in Spain and the exports from that country of pyrites which amounted to 121,404 tonnes in the six months (104,696).

First half decline at Laughton

A drop from £407,000 to £255,000 in pre-tax profits is reported by Laughton and Sons for the six months to June 30, 1980. Turnover was also lower, *falling from £6.09m to £6.08m*.

Tax was down from £196,000 to £125,000 of which the UK share was £56,000 (£160,000)

Profit attributable came out at £112,000 compared with £181,000.

Laughton *and Sons manufac*tures Stratton compacts, desk aids and jewellery, Twinco domestic plastics and Lady Jayne hair care products.

UK COMPANY NEWS

Pochin's slips to £714,000

DESPITE TURNOVER advancing from £12.65m to £15.1m in the year to end-May 1980, pre-tax profits of Pochin's slipped to £714,694, compared with £725,252 the previous year.

At mid-year this builder and civil engineering contractor reported a £21,156 drop in taxable profits to £252,248.

In his statement the chairman, Mr. C. W. T. Pochin, says he had hoped to report record profits for the fourth consecutive year. However, directors are maintaining the final dividend at 8.125p, bringing the year's total up to a same-again 9p net.

Tax for the 12 months rose sharply from £113,124 to £303,578 after which stated earnings per 25p share were 39.53p, compared with 58.86p.

The major development referred to by the chairman in his last statement was completed on time during the year and the company benefitted from rental income from this source.

However, the chairman says due to certain legal and administrative difficulties it has not been posible to complete the sale of the development although he understands it is imminent and will be contributing some measure of profit in the current year.

As envisaged, work commenced on the land for industrial development at Middlewich and negotiations are at an advanced stage for two purpose built factory units. The flat development at Llandudno is nearing completion.

Mr. Pochin comments that the plant company continues to provide a service to the contracting organisation and activities in concrete pumping have been expanded generally, in addition to establishing a new area of operations in the north east with a depot at Thirsk.

The house building subsidiary, he says, had a relatively poor year but this is in common with other comparable companies and when conditions improve it should be in good shape to take advantage.

In the circumstances the chairman says the company put up a creditable performance, and while he looks to the future with some misgivings, he says the workload in the current year is higher than it was last year.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Costain Brothers, Dorrington Investment, English National Investment, Harrisons and Crosfield, Lake View Investment Trust, Reed International, Walter Runciman, Tozer Kemsley and Millbourn, Westpool Investment Trust.

Finals—Border and Southern Stockholders Trust, British Car Auction, CLRP Investment Trust, North Atlantic Securities, Singapore Para Rubber Estates.

FUTURE DATES

Interims—

Brent Walker .... Oct. 31
Butterfield-Harvey .... Dec. 11
Capper Neill .... Nov. 5
Cole (R. H.) .... Oct. 31
Davies and Newman .... Oct. 31

Hunt Chemical third quarter earnings fall

Net earnings of Philip A. Hunt Chemical Corporation, a 63.5 per cent owned U.S. subsidiary of Turner and Newall, fell to $1.05m for the third quarter of 1980, compared with $1.87m last time, on little changed sales of $26.44m, against $26.37m.

For the first nine months this year, net earnings totalled $4.58m ($5.73m) or $0.8 ($1.01) per share, on sales up from $78.69m to $81.53m.

In order to improve profitability, the company has taken steps to reduce overhead and other operating costs

During the period, gains in photographic and electronics products groups were more than offset by lower sales and reduced profitability in the electrostatics and specialty chemicals products.

U.S. film group £4.3m cash call

American Communications Industries, a U.S. company which produces and distributes films, is raising $10.5m (£4.3m) through an offer for sale of convertible stock and common shares in the UK.

ACI is offering $5.5m of 20 per cent convertible subordinated income notes at par, together with 625,000 ordinary shares at $8 per share.

The proposed offer, which is being arranged by Rowe Rudd and Co, is being made together with an issue in the U.S. of at least $12m of debenture stock.

UK investors will be offered units comprising 50 ordinary shares and $440 of the convertible notes, which are due in the year 2000. The offer for sale will account for slightly under 10 per cent of the company's issued capital and control of ACI will remain with Mr. Michael Leone, its founder and chairman.

ACI made pre-tax profits of $2.74m in the first eight months of this year, compared with $520,000 in the same period of 1979, and is forecasting net income for the whole of this year of around $4m. Next year the company expects net income of about $11.5m. It is intended in due course to distribute as dividends about 25 per cent of net income.

Radio Avonside £1.1m capital restructure

Radio Avonside has published details of a £1.14m capital structure to raise funds for launching an Independent Local Radio station in the Bristol area. The company was offered the franchise by the Independent Broadcasting Authority in June.

The reorganisation is disclosed in a letter to shareholders giving notice of an EGM to be held in Bristol on November 17.

In his letter, Professor Glynne Wickham, says the company aims to announce its choice of premises within the next 14 days, to publish the prospectus document by the end of November, and to commence work on the conversion of studio premises in December.

Horizon Travel improves holiday scheme

BY TIM DICKSON

Horizon Travel, the publicly quoted air holiday operator, is improving the terms of its holiday concessionary scheme for shareholders.

Under the new proposals, which become effective in early December, the minimum shareholding is halved, the qualifying period up to holiday departure date is reduced to 6 months, and the discount available to a travelling shareholder and party is increased to 10 per cent on a maximum holiday value of £1,000.

As things stand investors have to buy 500 Horizon shares (cost £1,790 at yesterday's closing price of 358p) after which they are entitled to a 7½ per cent reduction on a maximum £500 holiday (i.e. £37.50). In future the qualifying holding will be 250 shares (or 750 following a proposed two-for-one scrip issue) which will provide a maximum concession of 10 per cent on a £1,000 holiday (i.e. £100).

"Since we originally introduced our shareholders concession scheme over five years ago, the value of the qualifying shareholding in Horizon has increased by virtue of the substantial rise in the company's share price," Mr. Bruce Tanner, chairman, said yesterday. "We have therefore felt it fair to adjust the scheme to bring it more into line with the original concept."

Less than 200 of the estimated 1,200 individual qualifying shareholders have taken advantage so far.

Mr. Tanner added that the scrip issue had been proposed to help "in maintaining a more reasonable relationship between the issued share capital and the funds employed in the business."

The Griqualand Exploration and Finance Company Limited

(Incorporated in the Republic of South Africa)

Issued Capital — R597 500 in 11 950 000 shares of 5 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

Operating results	Quarter ended 30.9.80	Quarter ended 30.6.80	Financial year to date	Previous Financial year to date
Development — metres	919	921	2 823	3 440
Ore milled — tons	86 000	89 000	275 000	295 000
Fibre produced — tons	11 503	11 122	35 740	37 398
Percentage fibre recovered	13.4	12.5	13.0	12.7
Cost per ton ore milled	R43.05	R39.27	R40.16	R35.41
Revenue per ton fibre	R532.8	R532.7	R532.4	R540.0
Production costs per ton fibre	R321.8	R314.2	R310.1	R279.3
Selling costs per ton fibre	R119.8	R112.2	R114.5	R110.9
Financial results	R'000	R'000	R'000	R'000
Operating profit	961	1 567	3 876	5 779
Profit after tax from non-mining subsidiaries	10	50	80	185
	971	1 617	3 956	5 964
Less: Interest and sundries	248	203	649	683
Profit before taxation	723	1 414	3 307	5 281
Provision for taxation	217	243	696	1 201
Net profit after taxation	506	1 171	2 611	4 080
Capital expenditure	87	214	416	865
Prospecting expenditure	135	113	330	284

Notes

1. Consolidated results are given, as information relating to the company only could be misleading.
2. Financial results are based on actual fibre shipments which vary *from month to month and do not necessarily bear* a pro-rata relationship to production and sales for the year. Because of a distinct seasonal pattern in asbestos sales, results for the quarter under review should, preferably, be compared with those of the corresponding quarter of the previous financial year.
3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers.
4. Interim dividend No. 58 of 7.5 cents per share was paid on 21 August 1980.

On behalf of the Board

C. H. WALTERS
P. A. VAN ZYL } Directors

Gencor Group

Johannesburg
28 October 1980

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	178	1	—	—	—	—	466p
BP	360	122	1	132	1	—	—	"
BP	420	70	62	84	15	102	—	"
BP	460	46	47	64	11	80	1	"
Com. Union	180	8	22	16	2	21	—	164p
Cons. Gold	550	125	5	145	—	—	—	637p
Cons. Gold	600	92	5	110	—	150	—	"
Cons. Gold	650	65	10	80	6	95	—	"
Cons. Gold	700	38	3	57	—	—	—	"
Courtaulds	50	21½	40	23½	45	—	—	66p
Courtaulds	60	12½	24	16½	—	20	—	"
Courtaulds	70	6	22	11	—	13	—	"
GEC	550	67	107	92	6	112	—	573p
GEC	600	36	9	62	—	85	—	"
Grand Met.	140	31	10	36	—	40	—	164p
Grand Met.	160	16½	20	25	2	28	1	"
Grand Met.	180	8	62	12½	—	—	—	"
ICI	330	32	47	42	2	48	6	340p
ICI	360	15	19	26	9	—	—	"
ICI	390	8	1	14	9	—	—	"
Land Secs.	355	56	2	—	—	—	—	391p
Land Secs.	360	—	—	70	—	85	3	"
Land Secs.	390	30	16	50	—	62	5	"
Land Secs.	420	16	23	34	—	—	—	"
Marks & Sp.	90	31	4	36	—	—	—	116p
Marks & Sp.	110	14	13	20	7	24	—	"
Marks & Sp.	120	7½	14	13	—	18½	1	"
Shell	360	116	10	—	—	—	—	457p
Shell	420	66	1	80	3	92	—	"
Shell	460	38	50	52	27	68	—	"
Totals			650		145		17	
		November		February		May		
Imperial Gp.	70	7½	10	12	—	15	40	76p
Imperial Gp.	80	1½	35	5½	6	9½	—	"
Imperial Gp.	90	¾	—	2½	55	4½	94	"
Lonrho	104	14	51	22	40	—	—	117p
Lonrho	110	—	—	—	—	22	2	"
Lonrho	114	7	26	15	9	—	—	"
Lonrho	120	4	10	11½	4	18	6	"
P. & O.	100	27½	25	31½	—	—	—	125p
P. & O.	110	17½	—	23	5	28	—	"
P. & O.	120	9½	—	17½	5	22	—	"
P. & O.	130	4	5	11½	—	15	10	"
P. & O.	140	2	—	7½	—	10½	3	"
Racal Elec.	330	24	—	47	5	64	—	343p
Racal Elec.	360	8	27	31	5	46	—	"
RTZ	454	30	13	58	—	78	—	476p
RTZ	494	9	3	29	16	55	—	"
Totals			205		150		155	

GALLAHER

Nine months results to 30 September 1980

Results (Unaudited)	1st 9 months 1980	1st 9 months 1979	Full Year 1979
	£ MILLION	£ MILLION	£ MILLION
Group Sales	1,358.1	1,192.7	1,621.3
Group Trading Profit	67.4	47.9	66.0
Interest Charges	1.2	2.7	2.8
Group Profit (after interest)	66.2	45.2	63.2

GROUP

Momentum slackened in third quarter of 1980, but profits after interest cumulatively up 46% on 1979. Full year expected to be more than satisfactory.

Strong cash flow reinforced by sale of Warriner & Mason grocery wholesaling subsidiary. Group well placed for new major diversification.

Domestic Tobacco

Profits up 60%. Benefits from rise in market share and switch to king size cigarettes. Previous year distorted by strike in Northern Ireland.

Overseas Tobacco

Had mixed results. UK exports did well as did Niemeyer exports to Germany. Overseas subsidiaries' results down overall, only Ritmeester showing small improvement.

Optical

Companies in the UK and Italy made steady progress and have not been seriously affected by economic recession.

Pumps and Valves

UK operations affected by weak home demand and strength of sterling. Overseas companies achieved excellent results. Division ahead 17% on 1979.

Distribution

Companies generally have done well, but sales rather sluggish in Forbuoys. The Warriner & Mason grocery wholesaling business in England and Scotland was sold, but successful Northern Ireland business with greater local strength retained.

Gallaher Limited, 65 Kingsway, London WC2B 6TG. Tel: 01-242 1290. Telex: 25505

NOTICE

Banco de la Nacion Argentina

US$25,000,000

FLOATING RATE NOTES DUE 1987

In accordance with the provision of the Notes, notice is hereby given that for the six-month interest period from 23rd October, 1980, to 23rd April, 1981, the Notes will carry an Interest rate of 13¾ per cent per annum and the coupon amount per US$5,000 will be US$347.57.

DBS-DAIWA SECURITIES INTERNATIONAL LIMITED
Agent Bank

MINING NEWS

Kennecott sees third quarter loss

BY GEORGE MILLING-STANLEY

THE LARGEST copper producer in the U.S., Kennecott, will this week report "a significant loss per share" for the third quarter ended on September 30, according to Mr. Thomas D. Barrow, chief executive.

While part of the loss is attributable to the world-wide economic downturn, which has hit the motor and housing industries, two major customers for copper, particularly hard, the main factor is the recent 69-day strike by copper workers. Mr. Barrow said that the strike was "a disaster," and had cost the company almost $1m a day in lost production.

Mr. Barrow was, however, cautiously optimistic for the company's future. The fourth quarter will obviously be a marked improvement on the period just ended—Kennecott settled the dispute on September 9, and is now back in full production, unlike most of its rivals in the copper business.

Phelps Dodge, for example, which yesterday reported a loss of $11.6m or 60 cents for the third quarter, compared with a profit of $19.2m or 86 cents last time, said that fourth quarter earnings will also be depressed by the effects of the strike.

Phelps Dodge settled on October 8, but production is still gradually returning to normal. Mr. Barrow estimated that most companies would need between 30 and 45 days to resume full production.

The dispute cut Phelps Dodge's net profits for the first nine months of the year to $62.4m or $2.86 a share from $73.2m or $3.32 a share.

Both companies have, of course, been cushioned to some extent by excellent performances in the first quarter, when copper prices averaged 50 per cent higher than in the corresponding period of 1979.

A further cause for Mr. Barrow's optimism is to be found in the fact that several of the major producers have not yet come to a settlement with the unions, notably Asarco, Anaconda, Newmont and Anamax.

Mr. Barrow said that he would be surprised if some, at least, of these companies were not still strike-bound in the new year, and this is certain to mean more orders for those companies, like Kennecott, which have already reached settlements.

The price Kennecott had to pay, rises of about 36 per cent spread over the three-year life of the new contracts, may have looked expensive at the time, but it could well guarantee the company a strong closing quarter, and perhaps even a good start to 1981.

Mr. Barrow's optimism for 1981 is also founded on the fact that the company has already sold something approaching half of its by-product precious metals output "at around current market prices." This represents a jump of at least $150 an ounce for gold over the $483 at which Kennecott entered into forward sales contracts for half of its 1980 output.

Another factor which could prove beneficial to Kennecott is the outbreak of unrest in Zambia at the weekend. While this has not yet caused any disruption to copper supplies, it will feed consumer fears about the political stability of the country, and could divert orders towards more stable areas, such as the U.S.

Third quarter profits of the leading Canadian base metal producers, while not subject to the strike which hit U.S. companies' earnings, also show sharp downturns.

Corporation Falconbridge Copper's net profits for the period fell to C$7.1m (£2.5m) or 55 cents a share from C$9.2m or 71 cents a share, mainly as a result of lower metal production and increased exploration expenditure. The company also said that it was still suffering the effects of shortages of skilled manpower.

Falconbridge Nickel, which controls Corporation Falconbridge Copper, said yesterday that a "drastic reduction" in nickel demand was the main factor behind the 9 per cent fall in profits for the first nine months to C$61.5m or C$11.38 a share. Demand for nickel remains weak, the company said.

A subsidiary, United Keno Hill Mines, which produces silver and lead in the Yukon, saw third quarter net profits fall to C$2.7m from C$4.9m, bringing the nine months figure to C$7m, against C$9.2m.

Falling ore grades were the main cause behind the fall at the British Columbia copper producer Bethlehem Copper. Net profits were C$1m compared with C$5m last time. Lower production of molybdenum also contributed to the decline. The company said that higher grades would be mined during the first quarter of 1981.

Another British Columbia copper and molybdenum producer, Gibraltar Mines, recorded an exceptionally sharp fall to C$1.4m from C$9.2m over the period. The company, controlled by Placer Development, said that lower ore grades, the increase in the amount of oxidised material being encountered and much lower prices for molybdenum were the main factors behind the decline.

See also Page 31

OIL AND GAS NEWS

Queensland's Beldene gas field commercial

BY STEPHEN THOMPSON

TESTING OF the latest appraisal well on the Beldene natural gas field in Queensland's Surat Basin has proved that the field is commercial, according to Hartogen Energy.

The latest well, Beldene No. 6, flowed at a rate of 5.52m cubic feet of gas a day and has been completed as a shut-in gas well. A shut-in well is a well capable of producing but temporarily closed for technical or economical reasons.

The gas flow followed a drill stem test of the interval between 4,038 feet and 4,730 feet.

Beldene No. 6 is located around 1,480 metres from the original Beldene No. 1 discovery well, which flowed at 8m cubic feet of gas a day, and around half that distance from the Beldene No. 5 well which flowed at 7.6m cubic feet of gas a day.

Hartogen Energy, operator of the field, says that in December the joint venturers in the project will approve the construction of a 15 km pipeline spur to Hartogen's gas facilities at Kincora.

A further well, Beldene No. 7 is to be commenced in the next few days and will be located 800 metres north-west of Beldene No. 6. Target depth is 4,800 feet.

Hartogen has a 50 per cent interest in the Beldene field, Australian Aquitaine 25 per cent, Alliance Minerals Australia 12.5 per cent and Cluff Oil (Australia), 12.5 per cent.

The interests in the field are subject to royalties totalling 14.65 per cent. Australian Oil and Gas Corporation has a 10 per cent net profit interest.

* * *

Santos reports that the Wareena No. 1 exploration well in the northern Cooper Basin in Queensland has flowed natural gas at a rate of 500,000 cu ft a day over an interval of 18 ft.

The flow was recorded during a drill stem test of the interval between 6,162 to 6,180 ft with a surface flowing pressure of 79 psi. The gas flowed from the top of the Permian zone of interest. Target depth of Wareena No. 1 is 7,570 ft.

The well is being funded as to 80 per cent by Western Mining, 10 per cent by Santos, 8 per cent by Aquitaine and 2 per cent by Cluff Oil (Australia).

On completion of Wareena No. 1 Santos will control 41.5 per cent, Delhi Petroleum 32.4 per cent, Vamgas 8.1 per cent, Cluff Oil (Australia) 2 per cent and Western Mining Corporation 8 per cent.

* * *

The first well drilled in the East China Sea by a consortium including the Bermuda-registered Weeks Petroleum has been plugged and abandoned.

The well, drilled on a 10m-acre block on the Continental Shelf between South Korea and Japan reached a depth of 14,700 feet, and did not show either oil or gas in commercial quantities.

Weeks says that data from the abandoned well will be used in planning continuing exploration of the block. Weeks has an 8.89 per cent interest in the zone and adjacent concession areas.

* * *

A core recovered from the Mount Horner No. 3 well drilled on EP 96 in the onshore Perth Basin has revealed traces of oil according to Western Resources, which has a 35 per cent interest in the licence area.

However, the section of occurence is limited and it has not yet been possible to evaluate, what, if any, commercial significance the shows have. Mount Honer No. 3 is currently at a depth of 4,564 feet and has a target depth of 6,500 feet.

* * *

TRACES OF high wax oil have been found in a drill stem test of the Wareena No. 1 well in the northern Cooper Basin, in Queensland. The operator for the wel, Australia's Delhi Petroleum, said that the traces were recovered from the basal Jurassic, one of the main targets of the well, between 4,863 and 4,905 ft.

The well is about 700 miles west of Brisbane, and the planned total depth is 7,570 ft.

Interests on completion of the well will be: Santos 41.5 per cent, Delhi 32.4 per cent, Vamgas 8.1 per cent, Western Mining 8 per cent, Australian Aquitaine Petroleum 8 per cent and Cluff Oil (Australia) 2 per cent.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	■ Hill Samuel	§16 %
Amro Bank	16 %	C. Hoare & Co.	†16 %
Henry Ansbacher	16 %	Hongkong & Shanghai	16 %
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
BCCI	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

BIDS AND DEALS

Giltspur denies counter-bid

GILTSPUR DENIED yesterday that it had received a counter bid to the proposed £22m equity and loan stock offer from Transport Development Group. The managing director of Giltspur, Mr. T. E. D. Harker, said yesterday that he did not know of any interest from a third party and dismissed such rumours as "pure speculation."

The share price, however, was still influenced by the possibility of a rival to TDG and climbed 8p to 112p, after 114p. The approach would value each Giltspur share at 116p. TDG had expected to crystallise its proposals today and, although it is still assessing the situation, the perceived commercial logic of the deal is said to be strengthening.

In the meantime, Giltspur is still unsure of Mr. Maxwell Joseph's plans for his 23 per cent holding in the industrial services group. He has already announced his acceptance of TDG's proposed terms, in the absence of a higher offer, although the rest of the Giltspur Board has rejected TDG's overture as inadequate.

NORTHERN ENG. INVESTS IN ZIMBABWE

Northern Engineering Industries, in conjunction with Cochrane Holdings, of Salisbury, Zimbabwe, has formed a joint company, NEI Cochrane Engineering (Pvt). NEI will hold 51 per cent of NEI Cochrane with the Cochrane family interests retaining 49 per cent.

NEI Cochrane will continue to operate the Cochrane business which is the largest manufacturing complex for boilers and pressure vessels in Zimbabwe, with an annual turnover of some Z$8m (£5.5m).

The new company will be used to exploit the complementary range of products of NEI and Cochrane in Central Africa and expand the manufacturing range based on NEI technology.

Coincident with this development, NEI is regrouping its existing operations in Zambia and Zimbabwe into a new organisation. This will continue the manufacture of electrical equipment and further develop sales of NEI electrical and mechanical equipment in Central Africa with particular emphasis on mining activities.

METAL BOX OVERSEAS

...Metal Box Overseas' subsidiary Metal Box BHD, is negotiating to acquire the whole of Malaysian Can Company SDN Bhd's issued share capital from Kumpulan Fima Bhd, the three companies said in a joint statement.

If negotiations are successful, Metal Box Overseas and Fima would enter into a joint venture whereby Fima would acquire a controlling interest in Metal Box BHD.

The statement did not disclose financial details.

DRAKE AND SCULL SHARE CHANGE

Drake and Scull Holdings has been informed that following the sale by Globe Investment Trust of a substantial proportion of its ordinary holding in Electra Investment Trust, Globe has not, since September 30, 1980, had a notifiable interest in the Drake and Scull equity.

As a consequence of the Globe disposal, Drake and Scull has been informed by Electra that it is interested in 1.28m ordinary shares (6.99 per cent).

Monument Secs. in takeover talks—listing suspended

MONUMENT SECURITIES, a lossmaking investment holding company, is engaged in talks which may lead to an offer being made for the company's capital, followed by a re-organisation. The shares were suspended at 3½p yesterday valuing the company at £260,000.

Announcing the closure of its lossmaking U.S. subsidiary—Universal Towel—in July the company said that it was actively looking for a substantial cash injection which could involve the dilution of existing shareholdings. The company said at the time that unless it got an injection of cash it "could not carry on much longer."

The company said yesterday that the present talks would take "a little bit of time." There were further talks to take place with a number of different parties involved and a further announcement was not expected for some weeks.

The company, which has been in and out of the red in the past five years, showed a £33,000 deficit for the 12 months ended March 31, 1979. Shareholders have not had a dividend since 1973.

Renwick shares stand 5p above AAH offer

SHARES IN Renwick Group moved 2p higher to 70p yesterday, where they stand 5p above the level of the recent offer from AAH, the fuel distributors and builders supplier group.

Mr. John Bentley, chairman of Tebbitt Group, the property company, which on Friday purchased 9.9 per cent of Renwick said yesterday: "I am sitting back to see what AAH has to offer."

Last Friday, Mr. W. Pybus, the chairman of AAH, received a letter from Mr. Bentley asking whether AAH would consider selling Renwick's interests in motor cruiser and yachts, caravans, travel agencies and garages, if AAH's bid was successful.

Mr. Pybus said yesterday that AAH was not considering selling any of the interests in Renwick Group, which in addition to manufacturing motor cruisers and vehicle conversions, has road haulage and fuel distribution interests.

AAH, added Mr. Pybus, intended to go ahead with the agreed bid.

Mr. Bentley said later: "I'm surprised in the circumstances that they feel they can continue with their bid. The circumstances being the current market price."

LIDSTONE

Upon the offers from Security Exchange becoming unconditional the share-listing of Lidstone is to be temporarily suspended pending the publication of information on the Lidstone group following its acquisition of New Cavendish Estates, a property investment associate of Gresham House.

Application will then be made for the readmission to the list of the Lidstone preference and ordinary shares (including 504,000 issued to the vendors of NCE).

Under the name of New Cavendish Estates, Lidstone will be developed as an autonomous listed public property investment company primarily concerned with investment in shop office and industrial properties. It is intended to consider the disposal of Lidstone's butchery business.

LAURENCE SCOTT

Laurence Scott has written to shareholders urging them to accept the cash alternative of 60p from Mining Supplies as they do not believe it would be in shareholders best interests to remain as a minority holder in Scott.

Last week Mining Supplies announced that it has secured control of Scott with 64.14 per cent of the shares. Mr. Paul Tapscott, chairman of Scott, said yesterday that talks have been initiated between the two groups concerning the future of Scott and with a view to allaying any concern felt by Scott's customers.

WAGON INDUSTRIAL

Following the consent of the French Ministry of Economy, Wagon Industrial Holdings completed the acquisition of Vinco-Mt S.A. on October 23. The total consideration, paid on completion, was £2.72m in cash.

Gough Cooper forecasts £350,000 loss for year

GOUGH COOPER, the housing estate developer and contractor which is the subject of an agreed £11.4m cash bid from Allied London Properties, is forecasting a pre-tax loss of around £350,000 for the year ended September 30, 1980. This follows a first-half deficit of £655,000 and compares with a profit for 1978-79 of £501,000.

Announcing this in the formal offer document Mr. John Boardman, the Gough chairman, says that the board has every confidence in the longer-term prospects of the group's trading activities and the strength of its property investment portfolio.

However, given the historically low stock market rating for the company's shares as compared with asset backing (166p per share at September 30, 1979) and the present unfavourable trading conditions, the directors believe that the company's share price is unlikely to reach 145p—the Allied offer—in the near future.

The directors of Gough and their families and certain other holders have irrevocably undertaken to accept the offer in respect of 21.8 per cent of the capital.

The offer by Allied tops the unwelcome 120p cash offer by Starwest Holdings, Mr. Remo Dipre's private company.

INTERNATIONAL COMPANIES and FINANCE

U.S. AIRLINE INDUSTRY

Texas Air dips into its war chest

BY IAN HARGREAVES IN NEW YORK

TEXAS AIR, other members of the U.S. airline industry are relieved to note, has started to spend some of the hoard of cash it locked away in the course of its dramatic but unsuccessful pursuit of mergers with two much larger air carriers, TWA and National, during the last two years.

That $150m war chest has made other airline executives nervous wherever Mr. Frank Lorenzo, Texas's wealthy, young chairman, left his calling card.

Rumour has it that the company, the parent of the upstart Houston-based carrier Texas International Airlines (TXIA), owns a small, but potentially expandable stake in almost every major airline in the country.

But today, says Mr. Lorenzo, "I guess you could say we have our hands full without acquisitions, although some kind of combination for TXIA is always a possibility."

What Mr. Lorenzo's hands are full with is New York Air, a recently formed subsidiary of Texas Air, which is already operating from makeshift headquarters at New York's crowded La Guardia airport in preparation for commencement of operations in mid-December. New York Air's name is already in the December air timetables.

Assuming that airport parking space, and a few other matters, are cleared up according to plan, New York Air from mid-December will begin to offer service between La Guardia and both Boston and Washington, DC. Eventually Mr. Lorenzo aims to create a major airline, using New York as a hub and serving much of the north east of the country, reaching west into the Ohio valley.

With almost every airline in the country, including TXIA, slumping into losses because of the economic recession and high fuel costs, it hardly seems the best moment to begin an entirely new airline.

"We have thought very hard and carefully about the timing of the capital we are putting into this venture. But we are sure that there is a long-term niche for a low cost, low price carrier in the U.S. market," says Mr. Lorenzo. "New York Air will be the only U.S. carrier using New York as a hub city."

The idea for New York Air was born, he says, in June 1979, when a telephone call from the Massachussetts Port Authority raised the subject of competitiveness, or lack of it, in Boston's air services.

Mr. Lorenzo, a New Yorker, also knew from personal experience, like most businessmen in the city, the comfortable situation enjoyed by Eastern Airlines, as the only operator of a shuttle between La Guardia and Washington National, the main transport thread connecting the country's financial and political centres. It is no surprise that Congressmen and officials in Washington have rallied behind Texas attempts to negotiate slots at the full-to-capacity Washington airport. The politicians, too, know from first hand experience how useful it would be to have more competition on the route.

So, Texas's "project Alpha" was born, and became New York Air when Mr. Lorenzo decided that, to win a place in the local community, it would be better to have an airline which was locally identifiable, rather than one that merely extended TXIA's operations.

For a while, the TWA battle distracted Mr. Lorenzo, but the concept of New York Air outlasted the hurly burly of that bid struggle.

Meanwhile, the war chest was gaining weight, both from stock appreciation when TXIA sold its holdings in National to Pan Am and from the borrowings Mr. Lorenzo took on to further these expansionist ambitions.

Now, instead of going into the market for airlines Mr. Lorenzo has been into the market for aeroplanes. He recently signed to buy 20 McDonnell Douglas DC9s from Swissair and Austria Air and is close to completing another deal in Europe to buy five more DC9s, with options for a further five.

This $130m bundle is a radical move, given that TXIA's existing fleet is only 33.

Some of the new aircraft will be used to retire older DC9s from the TXIA fleet, but the bulk of them will be needed for the growth of New York Air.

TEXAS AIR CORPORATION

	1973	1974	1975	1976	1977	1978	1979
Sales	77.2	92	78.6	120.4	144.8	180.2	234.2
Net profit	0.3	0.3	4.4†	2.5	1.4†	8	41.4
Long-term debt	24.8	20.4	24.3	26.2	38.4	108.1	168.4

† Loss.

Mr. Lorenzo radiates confidence that he has found the right target with New York Air, but he is under no illusions about the blood which will be spilled in establishing a fares structure initially 20 to 50 per cent below Eastern's shuttle rates, for example.

The strategy, says Mr. Lorenzo, is to maintain a strong balance-sheet in order to have greater staying power in the chosen market than much larger competitors." It will be a long time before you see Texas Air operating without substantial cash levels or with a lot of short-term debt," he says.

Although Texas Air has debt of roughly twice its $80m equity, most of the debt is long-term, with maturity dates beyond 1985 and held at, by today's standards, very attractive interest rates. Purely as a banking operation, Texas is making money.

Mr. Lorenzo's theory is that the mayhem in the industry which many forecast for this year, when the problems of a recession and high fuel costs combined with the gradual release of the industry from the motherly clasp of the Civil Aeronautics Board under the Government's deregulation programme, is still to come. "This industry is going to go through a tough and trying time, not unlike what happened in Wall Street," he says in a reference to the merger wave which swept through New York's securities industry triggered by the ending of fixed rate commissions five years ago.

There has already been one merger in the industry this year—Hughes Airwest and Republic—and a second, Continental and Western is now before the CAB. There are many other potential candidates, among which the most hotly tipped is Braniff International.

So far, $25m has been committed to New York Air, on top of the $130m spending on aircraft, 70 per cent of which is covered by borrowings.

This leaves plenty in the war chest, although Mr. Lorenzo says that his personal forecast of at best a flat economy in 1981—he is prepared for a double dip recession—means that in the coming months funds will be needed for sieges rather than cavalry charges.

The secret, he says, is to keep costs down, something he believes the older, larger carriers are finding impossible. Lorenzo says that TXIA's labour costs are 15 to 20 per cent below those of Eastern or Braniff, although he adds ruefully that TXIA's costs are probably 33 per cent greater than those of Southwest Air, the small internal Texas carrier whose dedicated application to a small market niche is something of a model for New York Air. "Low fares without low costs are economically suicidal," he says. "Perhaps American Airlines just discovered that," he says of the large carrier's recent decision to pull back sharply on its long-running Super Saver discount fares.

The key to lower labour costs, he adds, is not necessarily to be anti-union as is, say, the highly successful Delta. TXIA is 85 per cent unionised, but gets 55 to 58 "cash register hours," as Mr. Lorenzo puts it, from its pilots, compared with the low 40s at most large airlines and 75 to 80 at Southwest.

But there will be no easy passage for New York Air. Pan Am and Eastern have already cut their New York-Newark-Washington fare to $30 one way, only $1 more than the cheapest fare New York Air will offer. Eastern will almost certainly respond with lower prices on the shuttle, now $59. Next year, New York Air will also be operating from Newark, where there is much less congestion, to various north eastern cities and will be aiming at what Mr. Lorenzo calls New York's "west of 8th avenue market."

The man who at 40 has already shaken the airline industry three times is not, however, making predictions about when New York Air will return a profit, and even less when it will start to produce the kind of earnings flow to match the rates of return the company's cash is now earning in the money markets.

"The big guys are obviously not going to sit still while New York Air comes in," he says, "we know it is going to be long and hard, but we always knew that deregulation was attractive for the long rather than the near term."

Yugoslavia loan terms criticised

By Francis Ghiles

TERMS OFFERED by a group of international banks who are trying to arrange a $300m Euroloan for Yugoslavia, comprising a margin of 1⅜ per cent for seven years, are criticised by a deputy governor of the Central Bank of Yugoslavia as being too high.

These views were made known to the bankers by a telex last Friday night from Mr. Ilija Marjanovic, the deputy governor. The Yugoslav banker failed to turn up at a meeting which the banks had arranged for yesterday morning in London. The nine banks, however, still met and decided to confirm the terms of the intial offer they made to Yugoslavia.

The deputy governor has apparently drawn attention to the terms his country obtained on two recent credits, but bankers in London point out that the loan they are now trying to arrange is different from the last two, one of which was arranged through a group of Arab banks which, as yet, have little Yugoslav risk on their books, and the other by a group of Austrian banks. In both cases Yugoslavia paid a margin of 1¼ per cent, but for a shorter maturity.

The nine banks are also insisting that none of the regional Yugoslav banks, which in recent years have been prolific borrowers in the international capital markets, be allowed to raise loans in their own name for the time being. The multiplicity of such loans has, in the recent past, often been a factor of confusion for international banks.

Meanwhile, a meeting between Mr. M. Marjanovic and the international banks is being tentatively scheduled for later this week.

Dollar bonds slide as Libor increases

BY OUR EUROMARKETS STAFF

THE FIXED interest sector of the dollar bond market came under considerable pressure yesterday, with most seasoned issues posting falls of around ¾ of a point. A sharp rise in Eurodollar interest rates—six-month Libor moved up by ⅝ of a point to 14⅝ per cent—was a major factor behind these falls.

Fears of further rise in U.S. interest rates were fuelled by a forecast from Mr. Erich Heinemann, a vice-president of Morgan Stanley, who said that U.S. prime rates would move up to 15 per cent—most major U.S. banks' prime rates are currently 14 per cent—before falling to 10 per cent by the middle of next year.

The result was growing selling pressure from some investors in the Eurobond markets yesterday and increasing evidence that some houses positions are rather long are beginning to dump paper in the market. Average yields on outstanding bonds in the medium maturity range, five to seven years, stood at around 13.05 per cent yesterday, more than a full percentage point below what investors can get by depositing their funds shorter term.

$15m 15-year convertible has been launched for Kay Capital NV, a U.S. international trading company, through N. M. Rothschild. The indicated coupon is 8¾-9¼ and the conversion premium 7-8 per cent.

In the Deutschemark sector, Michelin Finance BV is tapping the market for DM 200m through Bayerische Vereinsbank. This seven-year private placement carries a coupon of 8¾ per cent and has been priced at 99 to yield 8.95 per cent. The next foreign D-Mark bond is expected tomorrow through Dresdner Bank. The borrower, a European industrial company, is to raise DM 100m.

In the secondary market, D-Mark foreign bonds suffered average price falls of around ¼ point, mainly as a result of the strength of the dollar.

The DM 100m seven-year bond for the Electricity Supply Commission of South Africa, being arranged through Dresdner Bank, was priced at 99¼ to yield 9.35 per cent. The Commission is also launching a SwFr50m private placement in the Swiss capital market with Credit Suisse as lead manager. The issue matures in 1984 and has a coupon of 6¼ per cent priced at par.

The Electric Power Development Company of Tokyo is issuing SwFr 65m 10-year bonds through Union Bank of Switzerland carrying a coupon of 5¾ per cent and priced at par.

Sudan debt rescheduling

BY NICHOLAS COLCHESTER

FIVE INTERNATIONAL banks which are major lenders to financially troubled Sudan agreed last Friday to the basis for a rescheduling of the country's $600m of bank debt. But a large number of other creditors must give the scheme their approval before it goes into effect.

The five banks involved are Citibank, Chemical Bank, Deutsche Bank, Union de Banques Arabes et Francaises and Arab African International Bank. It is understand that the rescheduling will be of the normal pattern, involving a small front-end fee, a grace period of perhaps three years, followed by a repayment period.

In November 1979, Sudan rescheduled some $500m of debt guaranteed under Western export credit guarantee agencies. The country also received recent cash infusions from the International Monetary Fund.

Shell Oil beats trend with downstream growth

BY PAUL BETTS IN NEW YORK

SHELL OIL, the eighth largest U.S. oil group controlled by the Royal Dutch/Shell group, reported increased earnings yesterday both in its exploration and production operations and its downstream business. This was despite a decline in profits from its chemical operations which reflected the U.S. economic downturn.

Earnings in the third quarter totalled $353m compared with $293m in the same quarter last year, while third quarter revenues rose $3.8bn to $5.1bn.

The increase in profits in the company's downstream operations goes against the general trend in the U.S. oil industry where other major oil companies have been reporting third quarter earnings declines.

Overall, downstream operations produced earnings of $81m in the third quarter, up by $41m on the same quarter in 1979 when the company reported its lowest third quarter earnings in this sector since 1973. Shell said yesterday the 1979 third quarter figures had been hit by restrictive supplies and escalating purchase costs of raw materials. But during the current quarter supplies had increased and purchase costs had remained relatively stable, enabling the improvement.

While overall sales volumes in the products division declined 1 per cent, petrol sales increased by 7 per cent. THhis reflects Shell's efforts to upgrade its refinery facilities where the proportion of products derived from the lighter end of the barrel increased to 59 per cent compared with 55 per cent in the third quarter last year.

Earnings from exploration and production totalled $263m in the third quarter, or $71m more than during the same quarter last year.

Sharp growth continues at Global Marine

By Terry Byland

BOTH SALES and profits continued to advance in the third quarter at Global Marine, the offshore oil rig contractor. Total net profit jumped by 78 per cent to $11.2m with share earnings at 83 cents, against 60 cents, after an increase in shares issued from 10.5m to 13.5m. Sales, at $51.9m, gained 34 per cent.

This brought the nine month earnings total to $30.3m or $2.38 a share, compared with $13.4m, or $1.40. Sales rose from $111.9m to $155.9m

The company comments that it expects "strong gains" and higher results for the fourth quarter and for the full fiscal years 1981 and 1982.

Global says it expects capital expenditure in 1981 to reach $500m, an increase of some $200m over the year.

Securities sales boost Gulf and Western profit

BY DAVID TONG IN NEW YORK

GULF AND WESTERN, the aggressive U.S. conglomerate, yesterday reported profits up 5 per cent to $63.6m in the three months ended July 31. Earnings for the quarter, the final quarter of the fiscal year, include gains of $25m resulting from securities sales. They also include $15.7m lost from the closing of sale of marginal businesses, as the group follows other conglomerates in streamlining its operations.

Gulf and Western's profits in the year ended July 31 rose 12 per cent to $255m on sales and revenue up 10 per cent to $5.3bn.

Write-off hits McDonnell Douglas

BY DAVID LASCELLES IN NEW YORK

McDONNELL DOUGLAS, the large aircraft maker, was forced to write-off $32m in the third quarter because of costs connected with its DC-9 passenger jet, which resulted in a sharp drop in earnings.

Net income was $11.7m, or 30 cents a share, down 76 per cent on last year's $49m, or $1.25 a share. However, sales were up from $1.31bn to $1.52bn.

The latest results brought nine month earnings to $98.8m, or $2.50 a share, down from $147.7m, or $3.75 a share.

AMERICAN QUARTERLIES

CENTRAL TELEPHONE

	1980 $	1979 $
Third quarter		
Revenue	235.3m	206.9m
Net Profits	23.66m	21.88m
Net per share	0.90	0.84
Year		
Revenue	865.7m	770.5m
Net profits	90.43m	88.72m
Net per share	3.44	3.23

CLARK EQUIPMENT

	1980 $	1979 $
Third quarter		
Revenue	336m	433.4m
Net profits	5.99m	22.01m
Net per share	0.47	1.68
Nine months		
Revenue	1.18bn	1.28bn
Net profits	36.82m	82.76m
Net per share	2.87	6.24

DR. PEPPER

	1980 $	1979 $
Third quarter		
Revenue	97.8m	83.6m
Net profits	7.41m	5.37m
Net per share	0.37	0.27
Nine months		
Revenue	252.2m	226.2m
Net profits	20.4m	18m
Net per share	1.01	0.89

R. R. DONNELLEY

	1980 $	1979 $
Third quarter		
Revenue	305m	263.5m
Net profits	21.2m	20m
Net per share	1.14	1.09
Nine months		
Revenue	799.3m	676.5m
Net profits	48.9m	44.4m
Net per share	2.63	2.40

E. G. AND G.

	1980 $	1979 $
Third quarter		
Revenue	160.1m	130.3m
Net profits	6.88m	5.51m
Net per share	0.50	0.41
Nine months		
Revenue	450.2m	381m
Net profits	6.88m	5.51m
Net per share	0.50	0.41
Nine months		
Revenue	450.2m	381m
Net profits	18.63m	14.26m
Net per share	1.37	1.07

INTERLAKE

	1980 $	1979 $
Third quarter		
Revenue	229.1m	271.6m
Net profits	†22.5m	15.6m
Net per share	†3.74	2.62
Nine months		
Revenue	802m	817.2m
Net profits	†5.55	26.1m
Net per share	10.92	4.38

† Loss

KIDDE INC.

	1980 $	1979 $
Third quarter		
Revenue	646.8m	584.9m
Net profits	23.29m	23.02m
Net per share	2.31	2.17
Nine months		
Revenue	1.88bn	1.67bn
Net profits	64.02m	60.35m
Net per share	6.29	5.64

MGM GRAND HOTELS

	1980 $	1979 $
Fourth quarter		
Revenue	83.8m	86.7m
Net profits	9.12m	10.16m
Net per share	0.28	0.32
Year		
Revenue	330.5m	323.1m
Net profits	33.95m	32.18m
Net per share	1.05	1.00

SIGNODE

	1980 $	1979 $
Third quarter		
Revenue	164.9m	176.4m
Net profits	7.76m	10.28m
Net per share	0.98	1.37
Nine months		
Revenue	520.4m	517m
Net profits	29.44m	33.1m
Net per share	3.72	4.20

TIMKEN

	1980 $	1979 $
Third quarter		
Revenue	292.5m	289.3m
Net profits	11.15m	15.07m
Net per share	0.99	1.34
Nine months		
Revenue	1.01bn	956.9m
Net profits	72.11m	74.09m
Net per share	6.43	6.64

TONKA

	1980 $	1979 $
Third quarter		
Revenue	36.7m	31.9m
Net profits	3.28m	1.32m
Net per share	1.38	0.80
Nine months		
Revenue	71.5m	65.7m
Net profits	4.08m	0.29m
Net per share	1.87	0.17

UNION CARBIDE CANADA

	1980 C$	1979 C$
Third quarter		
Revenue	183.3m	185.3m
Net profits	18.35m	20.3m
Net per share	1.69	1.92
Nine months		
Revenue	567.3m	494.3m
Net profits	61.22m	37.43m
Net per share	5.72	3.43

U.S. INDUSTRIES

	1980 $	1979 $
Third quarter		
Revenue	276.8m	308.7m
Net profits	4.12m	12.5m
Net per share	0.14	0.46
Nine months		
Revenue	849.8m	962.3m
Net profits	15.7m	40m
Net per share	0.55	1.43

U.S. TOBACCO

	1980 $	1979 $
Third quarter		
Revenue	68.3m	59.2m
Net profits	9.62m	7.38m
Net per share	1.06	0.83
Nine months		
Revenue	195.1m	171.3m
Net profits	28.43m	22.84m
Net per share	3.14	2.57

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 27.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	93¾	94¼	−0⅛	−0⅜	12.78
Citicorp O/S Fin. 10 86	300	88	88½	−0½	−1	13.02
Citicorp O/S Fin 12 87	200	94¼	94⅝	—	—	13.28
Con. Illinois O/S 9¾ 86	150	86½	97	−0⅜	−1⅜	13.17
Denmark 11¾ 90	100	92¾	92⅞	−0⅛	−1	13.11
Dome Petroleum 13½ 92	50	97⅝	98⅛	−1⅞	−2⅜	13.84
EEC 11 85 (May)	75	87⅝	88⅛	−0⅝	−0½	12.86
EEC 11 95 (Nov.)	70	86½	87	−1⅛	−1	13.05
EIB 13¾ 90	100	101½	102	−0⅜	−1	13.37
Eksportfinans 9½ 87	75	85¾	86¼	−0⅜	−0⅜	12.69
Elec. de France 10 88	125	87¾	88¼	−0½	−0⅝	12.49
Export Dv. Cpn. 12⅜ 87	100	98¼	98⅝	−0⅜	−0⅞	12.86
Export Dv. Cpn. 9½ 86	150	87⅛	87⅝	−0½	−1	12.91
Federal Dev. Bk. 12¼ 85	75	97½	98	−1⅛	−1⅛	12.88
Fin. Exp. Credit 10½ 85	50	90⅝	91⅛	−0⅜	−0⅜	13.19
Finland Rep. of 9½ 86	100	85⅝	86⅛	−0⅛	−0⅜	13.30
Ford O/S Fin. 12⅛ 85	250	97⅜	97⅞	−0⅛	−0⅞	13.29
GMAC O/S Fin. 13⅜ 85	100	100⅝	101⅛	−0½	−1	13.00
GMAC O/S Sin. 12 78	100	94¼	94¾	−0⅜	−1⅛	13.28
GMAC O/S Fin 11¾ 87	100	94	94½	—	—	13.05
Goodyear O/S 12½ 87	75	96¼	96¾	−1½	−1½	13.28
Hudson's Bay 11½ 90	75	91½	92	−0½	−0⅞	13.02
IBM Canada 10½ 85	50	94⅛	94⅝	−0½	−0⅜	12.11
Int. Harvester 12¾ 85	115	97½	98	−0⅜	−0⅜	[illegible]
J. C. Penney Int 12¾ 86	100	95¼	95¾	—	—	13.57
McGraw 13½ 85	75	98¾	99¼	−0½	−1⅜	13.74
NorWest Ind. 13⅜ 87	50	98¼	98¾	−0⅜	−1	13.94
Nova Scotia 10¾ 90	50	87⅛	87⅝	−0⅜	−0⅜	13.10
OKB 10 85	50	90¼	90¾	−1⅛	−1⅛	12.81
Pemex 11½ 88	100	89¾	90¼	−1⅜	−1⅜	13.65
Quebec Hydro 11½ 92	100	89	89½	−0½	−0⅜	13.34
Repsteel O/S 11½ 88	100	84¾	85¼	−1⅞	−3⅝	14.87
Roylease 11¼ 85	50	93¾	94¼	−1½	−1⅞	13.01
SNCF 12⅛ 85	50	99⅜	99⅝	−0⅜	−1	12.51
Sweden 12⅜ 85	150	97⅝	98⅛	−0⅜	−0⅜	12.97
Swed. Ex. Cred. 12½ 85	140	98⅛	98⅝	−0½	−0⅜	12.90
Swed. Ex. Cred. 12 83	50	97⅜	97⅞	−0⅛	−0⅜	13.01
Transamerica 12⅛ 83	50	97	97½	−0⅛	0	13.55
VER Overseas 13½ 88	50	93½	94	—	—	14.88
Unilever NV 9¾ 90	100	83¼	83¾	−0⅜	−1⅛	12.79
World Bank 9¾ 85	200	90	90½	−0⅜	−1⅛	12.62
World Bank 10⅜ 87	300	89¼	89¾	−0⅜	−1	12.65

Average price changes... On day −0⅜ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 90	250	97	97¾	−0⅛	−1⅜	8.53
Austria Rep. of 8¼ 92	150	95¾	96½	−0½	−0⅜	8.78
BFCE 7¾ 87	100	94½	95	0	−0½	8.90
BFCE 8¼ 85	100	93⅞	94⅞	0	−1⅜	8.83
CECA 7⅞ 92	150	93½	94¼	−0⅛	−0⅜	8.72
CII-Honeywell 8½ 90	125	95⅞	96⅝	0	−1⅜	8.96
Denmark 7¾ 86	100	94½	95¼	−0⅝	−2	9.13
Denmark 8¼ 92	100	96⅜	97⅛	0	−2⅛	8.70
EEC 7⅞ 94	225	92⅞	93⅝	−0⅛	−1⅛	8.73
Iberduero SA 9 90	100	95¼	96¼	0	−1⅛	8.92
Japan Dev. Bk. 7¾ 87	100	98	98¾	−0⅜	−1⅜	9.25
Kobe, City of 8 90	100	93¾	94½	−0⅛	−1	8.80
Mt. Bk. Denmark 8½ 90	150	96⅝	97⅜	−0⅞	−1	8.46
Norway 7½ 85	250	95⅜	96⅛	0	−1⅞	9.13
Nuclebras 9¾ 88	100	95⅝	96⅞	+0⅛	−2⅜	8.66
OKB 8¾ 92	150	94⅞	95⅝	0	−2⅛	10.66
Oslo, City of 8¾ 90	80	95⅝	96⅜	−0½	−0⅝	8.72
Sweden 9¾ 87	200	102⅛	102⅞	−0⅞	−1	9.20
World Bank 8 90	700	94¾	95⅛	−0½	−1½	8.81
World Bank 7⅞ 90	250	93	93¾	−0⅛	−1⅜	8.96
World Bank 10 86	150	104⅝	105⅛	+0⅜	−1⅞	8.76
World Bank 10 90	200	108⅛	108⅞	+0⅜	−0⅜	8.64

Average price changes... On day −0⅜ on week −1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅜ 90	100	99½	99¾	−0⅛	−0⅜	5.42
Bayer Int. Fin. 5¾ 92	100	99¼	100	−0½	−0⅜	5.26
Bergen, City of 6 90	50	†102	102½	−0⅛	−0⅜	5.68
BMW Overseas 4¼ 91	100	89½	89¾	0	−0½	5.54
Buhrm'n-Tetterode 7 90	40	105¾	106	0	+0⅜	6.16
Copenhagen Tele. 5¾ 90	60	95	95¼	−1¼	−0⅜	6.43
Denmark 5¾ 90	80	97¾	98	−0½	−0⅜	6.04
EIB 4¾ 94	100	84½	85	−0⅜	−0⅜	6.02
Elet. de France 5¾ 90	100	98⅜	98⅞	−0⅛	+1	5.41
Eurofima 5¾ 92	80	102⅛	102⅜	−0½	+1⅜	5.49
F. G. H. Hypo Bk. 6 90	50	†103	103½	−0½	0	5.55
Finland Rep. of 5⅝ 90	80	94½	95¼	−0½	+0⅛	6.34
GZB 4¼ 89	100	88⅛	88⅜	−0⅞	+1½	5.98
Int.-Amer. Dev. 7 90	80	104	104½	−1	−0½	6.38
Japan Dev. Bk. 5¾ 90	100	101¼	101½	−0⅜	+1⅛	5.57
Jutland Tele. 5½ 90	50	96½	96¾	−0⅜	0	5.98
Mt. Blanc Tunnel 5½ 90	60	99½	99¾	0	+0⅛	5.55
Newag 5¾ 90	80	100⅜	100⅝	−0⅛	−0⅜	5.68
Nippon Tel. & T. 4¼ 89	100	92¼	92¾	−0⅛	−1⅛	5.31
Norges Komm. 4⅜ 91	100	†87½	88	−0⅛	−0⅛	5.93
OKB 4⅜ 91	100	87	87¼	+0⅛	+0⅛	6.01
OKB 6 90	100	101¾	102	+0⅜	−0⅛	5.73
Oslo, City of 4¾ 91	100	88	88¼	0	−0⅛	5.87
Oslo, City of 5⅞ 90	80	99⅞	100⅛	−0⅛	+0½	5.87
Philips Lamps 5¼ 92	100	98¼	98⅞	−0⅛	+0⅛	5.39
Sekisui Pre. Hms. 6 90	80	101	101¼	−1⅞	−1⅞	5.84
Shikoku El. Pwr. 4¾ 89	100	92	92¼	−0⅜	−0⅛	5.92
Trade Dev. Fin. 6⅛ 90	50	98	98¼	−0½	+0⅛	6.39
Voest-Alpine 5¼ 90	80	98⅞	99⅛	−0⅛	−0⅜	5.88
World Bank 4⅜ 89	150	88¾	88⅞	0	+0⅛	6.10

Average price changes... On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91	92¼	−0½	+0⅛	8.92
Australia 6½ 88	20	87¾	88½	−0⅛	−0⅛	8.79
EIB 7¾ 89	12	95½	96¼	−0⅛	0	8.38
Finland 5.6 83	10	90½	91¼	−0⅛	−0⅛	9.23
Finland 6.8 88	10	86¾	88	0	0	9.22
Finland, Rep. of 8⅜ 87	15	95⅞	96⅞	0	0	9.14

Average price changes... On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 86 C$	60	†94¼	95	0	+0⅛	12.06
CIBC 13½ 85 C$	50	†99	99¾	+0⅛	−0⅜	13.63
CIBC 11½ C$	60	†94	94¾	0	−1	13.13
Federal Dev. 11½ 90 C$	60	†89½	90½	0	0	13.37
Fst. Can. Inv. 10 84 C$	50	†90¼	91	0	−0⅛	13.43
R. Bk. Canada 10 86 C$	40	†92¼	93¼	+0⅛	−0⅜	11.82
Tordom Cpn. 13½ 85 C$	30	†99	99½	0	−1⅛	13.67
M. Bk. Dnmk. 9 91 EUA	25	94	95⅜	+0⅛	+0⅜	9.81
SOFTE 8¾ 89 EUA	40	89¼	90½	+0⅛	+0⅛	10.07
U. Bk. Nrwy. 9½ EUA	18	98¾	99¾	−0⅛	−0½	9.61
Algemene Bk. 10¼ 87 Fl	400	100⅛	100⅞	+0⅛	+0⅜	10.12
Bk. Mees & H. 10 85 Fl	75	100¾	101¼	+0¼	−0⅛	9.71
F. G. Hypo 9¾ 87 Fl	60	96½	97¼	+0⅛	0	10.40
Heineken NV 10 87 Fl	75	97¾	98¼	0	−0⅛	10.41
Nat. Inv. Bk. 10 87 Fl	75	98½	99	−0⅛	−0⅛	10.25
Nat. Neder 9½ 87 Fl	60	96¼	97¼	+0⅛	+0⅛	10.72
Neder Mdn Bk 10 85 Fl	75	102	102½	−0⅛	−0⅛	9.38
Aero Paris 13⅜ 87 FFr	150	96¼	97¼	−0⅛	−2⅛	13.88
CECA 14¼ 86 FFr	150	101⅞	102⅞	−0⅜	−0⅛	13.58
Finland 11 84 FFr	80	91¼	92¼	+0½	−0⅛	13.83
Finland 11½ 89 FFr	70	86½	87½	0	−2⅛	14.34
Gaz de France 11 84 FFr	150	92¾	93¾	+0⅛	−0⅛	13.28
IBM France 11⅞ 84 FFr	120	93½	94½	0	−0⅛	13.83
Renault 9¾ 85 FFr	100	85⅛	86⅛	+0⅛	+0⅛	14.10
Solvay et Cie 9¾ 87 FFr	125	81⅝	82⅝	+0⅛	−0⅜	14.10
Utd. Mex Sts 14 85 FFr	150	98½	99½	−0⅛	−0⅛	14.24
Beneficial Fin. 14⅛ 90 £	20	100	100½	+0⅛	+0⅛	14.15
BNP 13½ 91 £	15	98	98½	0	−0⅛	13.80
CECA 13½ 88 £	20	98⅜	98⅞	+0⅛	+0⅛	13.79
Citicorp O/S 13½ 90 £	50	98⅝	99⅛	+0⅛	+0½	13.88
Fin. for Ind. 14½ 88 £	20	101	101½	+0⅛	−0⅜	14.14
Fin. for Ind. 13¾ 87 £	20	99½	100	+0⅛	+0⅛	13.79
Gen. Elec. Co. 12½ 89 £	50	96	96½	+0⅛	+0½	13.20
Peugeot SA 14 90 £	23	99⅛	99⅞	+0½	+0½	14.04
Rothschild 14½ 90 £	12	99⅞	100⅜	+0⅛	+0⅛	14.20
Swed. Ex. Cr. 15¼ 85 £	20	104½	105	+0⅛	0	13.72
Banobras 8¾ 90 KD	7	†90⅝	91⅜	0	0	9.75
CCCE 8⅛ 91 KD	10	†86⅜	86⅞	0	0	10.26
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.89
Akzo 9¼ 87 LuxFr	500	92¼	93¼	0	−0½	10.78
Euratom 9¾ 88 LuxFr	500	96⅜	97⅜	−0⅛	−0⅛	10.37
Eurofima 10½ 87 LuxFr	500	97⅝	98⅝	+0⅛	−0⅛	10.90
EIB 9¾ 88 LuxFr	600	97¼	98¼	0	−0⅛	10.21
Volvo 9¾ 87 LuxFr	500	94	95	−0⅛	−0⅛	10.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	†97¾	98¼	2/1	10.44	10.55
Bank of Ireland 5¼ 89	‡0⅜	98⅛	98⅝	21/11	11½	11.58
Bank of Tokyo 6¼ 89	‡0½	97⅜	98⅛	25/10	9¼	9.45
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅝	9.85
Bergen Bk. A/S 6 89	‡0¼	97⅝	98⅛	29/11	12⅛	12.50
Bilbao Int. N/V 5¾ 90	0¼	97½	98	29/11	10.06	10.29
Citicorp O/S F. 83	§‡0	99¼	99¾	23/11	11.44	11.49
Citicorp O/S F. 84	‡0	99¼	99¾	30/10	13⅛	13.19
C. Itoh 5¼ 87	0¼	98½	99	18/3	12⅞	13.04
Co-operative Bk. 6 86	0½	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97⅞	98⅜	14/12	12.06	12.29
CNT 5⅜ 86	§0¼	98⅞	99⅜	18/4	13⅛	13.37
GZB 5½ 89	‡0¼	98⅛	98⅝	1/11	9.81	9.96
Jugobanka 8 89	0⅞	91⅞	93⅛	23/11	11⅝	12.67
Ind. Bank Japan 5¼ 87	0¼	98⅜	99⅛	16/4	13.31	13.45
Ind. Bank Japan 5¼ 88	0¼	98⅛	98⅝	9/4	13⅛	13.34
Lloyds Eurofin 8 90 £	0⅛	96⅜	96⅞	3/1	15⅝	16.20
LTCB Japan 5¼ 88	0¼	98⅜	98⅞	13/12	9⅝	9.76
Mfrs. Han. O/S 5¼ 94	‡0¼	97⅜	98⅛	30/11	12⅛	12.38
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.68
Midland Intl. Fin. 5¾ 92	0¼	97⅝	98⅛	5/12	10⅞	11.10
Nacional Fin. 6¼ 86	0¼	97½	98	25/1	9.68	9.91
Nat. West 5¼ 94	§0¼	97⅝	98⅛	11/4	13⅛	13.54
Nat West 5¼ 92	0¼	97⅜	98⅛	23/4	5⅛	5.36
Nippon Credit 6½ 86	0¼	97⅜	97⅞	12/1	9.56	9.82
Nippon Credit 6¼ 87	‡0½	98⅛	98⅞	6/11	10⅞	11.03
Royal Bk. Scot. 5¼ 94	§‡0¼	98⅛	99⅛	11/1	13⅛	13.40
Soc. C. de Bque. 5½ 87	0¼	98	98½	3/4	14	14.25
Standard Chart. 5¼ 90	0¼	98⅛	98⅝	6/3	12.06	12.26
Svenska Hndlsbk. 5 87	0¼	97⅝	98⅛	15/1	10	10.20
Bq. Ext. d'Alg. 4¾ 89 SF	0¼	†89	90	18/12	8⅛	8.84

Average price changes... On day −0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7½ 95	2/80	815.6	120⅜	122	−0⅞	−2.33
Blocker Energy 8¾ 95	1/81	21.87	117	118⅝	+0⅜	[illegible]
Credit Suisse 4¾ 93	10/79	1278	118	119⅝	−0⅝	−2.34
DDKK 11 90	4/80	324	105	106	+1	19.70
Digicon Fin. 8½ 95	10/81	29.5	101½	102½	−0⅛	2.28
Dynblectron 9½ 95	8/80	12.22	130	132	+7	−5.83
Ensearch Fin. 9½ 94	7/80	30.25	151½	152¾	−0½	−3.34
Hanson O/S Fin. 9½ 95	1/81	1.92	98⅝	99⅝	+0⅛	−0.19
Huffy Int. Fin. 8½ 95	12/80	23.25	95½	96½	+0½	39.50
INA Overseas 8¾ 2000	4/81	42	100½	101⅛	−0⅛	6.32
Inchcape Ltd. 8 95	2/81	4.55	107	108	+0½	−2.73
JACCS 7½ 95	11/80	565	101⅛	102⅛	−0⅛	4.79
Marion Int. Fin. 9 95	12/80	23.25	100⅞	101⅞	−3	1.38
Matsushita Elec. 7½ 95	10/80	649	99⅛	100⅛	0	7.08
MEPC 8¼ 96	2/81	2.47	103⅞	104⅞	+0⅛	4.42
Nissho Iwai Co. 8 96	1/80	398	99¼	100¼	+0⅛	−0.58
Ricoh 6⅝ 95	8/80	604	101½	102½	−2½	−1.99
SBC 6¼ 90	9/80	200	99⅞	100⅞	−1⅛	7.66
Taylor Woodrow 8½ 90	1/81	4.94	97	98	−0⅛	5.76
Tricorp. 8½ 95	12/80	31.25	101¼	102¾	−0⅛	17.26
Union Bk. Switz. 5 89	2/80	121.4	95¾	97	−2¼	−3.38
Fujitsu 5 84 DM	7/79	475	123¾	124½	−1⅛	5.28
Sharp Corp. 6½ 88 DM	9/80	595	118⅞	120⅛	−1⅛	−1.54
Uny Co. 6½ 85 DM	11/79	1071	98½	99½	+0⅛	14.66

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Sales fall leads VW to predict U.S. loss

By Kevin Done in Frankfurt

VOLKSWAGEN, the largest motor car manufacturer in West Germany, expects a loss on its U.S. operations this year despite the steady build-up of local production.

VW has avoided the worst of the U.S. motor industry recession, but the volume of its sales this year is likely to fall some 6.5 per cent below the level reached in 1979.

According to the U.S. subsidiary, Volkswagen of America, volume sales this year should total some 315,000 units compared with 336,800 last year.

In 1981 VW is hoping for sales of some 330,000 vehicles, of which about 238,000 will come from local manufacture.

Production of VW's Rabbit model (known as the Golf in Europe) at the company's Westmoreland plant in the U.S. has reached a daily capacity of 1,040 vehicles and VW's second assembly plant at Sterling Heights, near Detroit, is expected to start output in the spring of 1983.

According to VW of America the company is still aiming in the medium term at taking some 5 per cent of the U.S. car market, with some 350,000 to 400,000 vehicles coming from local U.S. output and remaining sales of some 100,000 units being met from imports.

The company's losses in the U.S. this year are the result of a variety of factors, including currency losses, industrial unrest at the beginning of the year, rapidly rising prices for car components and the added costs of building up local manufacturing.

The new works at Sterling Heights will eventually have a daily production capacity of some 800 vehicles. Volkswagen is currently taking advantage of the strong demand for diesel cars in the U.S., and about 45 per cent of its total U.S. sales will be of diesel engine models.

Earnings recovery at Poclain

By Our Paris Staff

THE FINANCIAL recovery of Poclain, the French construction machinery group, was confirmed yesterday when the company reported net half year consolidated profits of FFr 58.5m ($13.6m) compared with FFr 20.2m.

This improvement follows a rise of 11 per cent to FFr 1.33bn in sales, a rate of increase which was much more in line with current French inflation levels.

Poclain's recovery began after the acquisition of a 40 per cent stake in the concern by the U.S. Case-Tenneco group two years ago. At that time, it was running up heavy losses, but since then it has reorganised its marketing and reaped the benefit from a return in confidence arising from its new financial backing.

Last year, Poclain showed profits of FFr 80.7m after four years of heavy losses. In the first six months of this year, the company says that it has managed to increase its volume sales by 3 per cent.

This increase mainly resulted from a higher level of penetration in growth markets such as France and Italy, combined with maintenance of sales in the rest of the world despite some stagnating markets.

WEST GERMAN ELECTRONICS

Further sharp setback for Grundig

BY STEWART FLEMING IN FRANKFURT

FOR THE third consecutive year Grundig, the West German consumer electronics concern, has suffered a sharp decline in profits, largely as a result of intensified competition from Japanese television and hi-fi equipment manufacturers.

Net profits for the year ended March 1980 have fallen to DM 33.6m from DM 95.5m.

In an effort to improve profits, Grundig is undertaking a reorganisation and rationalisation programme which has already resulted in a reduction in its workforce from 38,500 in the year ended March 1979 to below 36,000 in the latest financial year ended March 1980.

A further 2,000 redundancies are expected in the coming 12 months as the rationalisation programme continues. The company is planning to close plants in Ascha and Karlsruhe which make portable televisions, and plants in Landau and Augsburg which make hi-fi equipment and loudspeakers.

The company is pining its hopes for future growth on the emerging market for video cassette recorders. It has a collaboration agreement with the large Dutch electronics group, Philips, for the production of this equipment. It was disclosed previously that Philips has taken a 24.5 per cent stake in the Grundig group.

	1976/7	1977/8	1978/9	1979/80
Sales (DM bn)	2.5	2.7	2.9	2.7
Net profit (DM m)	175	148	96	34

Last year, however, difficulties with supplies of video cassette tapes prevented the company from properly exploiting the development of this market.

Behind the steady decline in Grundig's earnings in the past few years has been mounting competition from Japan, particularly in the television market which up to 1978 accounted for almost 60 per cent of Grundig's sales revenues.

The growing Japanese challenge has coincided with increasing signs of saturation in the company's domestic television market. Around 80 per cent of German homes have a colour television set and 50 per cent have two sets.

Grundig itself leaves no doubt about the impact which Japanese competition has been having on its markets at a time when materials costs have been rising. It talks of suicidal price competition, but adds that in the current year prices have firmed and it expects to be able to realise an average price increase for the year of between 10 and 11 per cent.

Indicative of the problems it has been having in its domestic market is the increase in the proportion of its sales revenues derived from foreign markets, up from 48.7 per cent to 53.4 per cent in the latest financial year, the first time foreign sales have exceeded 50 per cent of turnover.

Although the company believes that the operating result for the current year is looking better than a year ago, it points out that it will be burdened with the continued rationalisation costs. It is also clearly worried about the mounting Japanese competition in the video-cassette market.

Grundig estimates that Japanese manufacturers plan to double their output of video-cassette recorders this year to around 4.5m units, of which it says a little under 1.5m are probably destined for Europe.

On the evidence of German import statistics for the first eight months of the year, the company suggests that some 400,000 units will arrive in West Germany.

Strong first half advance at BSN-Gervais Danone

BY OUR FINANCIAL STAFF

SHARPLY higher profits for the first half of 1980 are reported by BSN-Gervais Danone, the leading foods group in France with major interests in brewing, packaging and glass.

Net consolidated income rose to FFr 236m ($55m), an increase of 26.9 per cent on the year-earlier figure of FFr 186m.

The group's share of consolidated income rose 23 per cent to FFr 198m, while cash flow increased by 19 per cent to FFr 656m. Consolidated sales were 15.7 per cent above those of the first half of 1979 at FFr 8.448bn.

BSN said that the figures did not comprise those of all the group's consolidated subsidiaries, and reflected only nine-tenths of total consolidated sales and earnings.

It pointed out that the earnings figures did not take into account the sale of flat glass production activities in Germany. This sale would show up as a non-recurring capital gain of FFr 290m in the annual accounts.

Flat glass activities incurred a loss of FFr 11m in the first half, compared with a deficit of Fr 34m.

Food activities contributed FFr 141m, down from Fr 157m. However, the settback was more than offset by an increase of FFr 23m in the profit of the packaging division.

An interim 1980 net dividend of FFr 15 per share is to be paid. Stockholders received FFr 35 for 1979.

Swiss Bank Corporation expects to lift income

BY JOHN WICKS IN ZURICH

SWITZERLAND'S biggest bank, Swiss Bank Corporation, expects "good results" for 1980 as long as business develops normally in the fourth quarter, last year, the bank announced record net profits of SwFr 258m ($152.6m).

In a communique on the first nine months, SBC says that operating income was higher than for the corresponding nine-month period of 1979, all sectors of activity having contributed to the increase. At the same time, the rise in operating costs was within the budget.

Balanche sheet total rose 2.4 per cent in the third quarter to SwFr 71.86bn ($45.52bn). This is 3.9 per cent higher than the level at the end of 1979 but still well below the peak of SwFr 79.98bn recorded at the end of March this year.

Deposits from banks fell SwFr 1.18bn to SwFr 21.04bn in the third quarter, reflecting a certain restraint in interbank business, but deposits from customers rose to SwFr 2.58bn or 6.4 per cent to a record SwFr 42.71bn, the bank said.

The rise in customers' deposits mainly reflected increases in sight and time deposits, the bank said. The rise in sight deposits by SwFr 1.46bn to SwFr 17.46bn was influenced by rising interest rates in the U.S., and the entire increase was accounted for by the bank's foreign branches, mainly the New York branch which started to issue commercial paper for the first time in the third quarter, it added.

Total lending to domestic and foreign customers rose by SwFr 533m to SwFr 34.80bn.

Shutdown costs put Dutch paper group into the red

BY CHARLES BATCHELOR IN AMSTERDAM

PROSPECTS have worsened for the Dutch paper and board maker, Koninklijke Nederlandse Papierfabrieken (KNP), and it now expects a loss this year.

The company faces a downturn in sales plus a considerable but unspecified write-off from the accelerated shutdown of two smaller paper-making machines.

Orders have declined more quickly than the company foresaw earlier this year. KNP has been forced to apply for permission to put some of its workforce on short-time.

The company managed to remain in the black in the third quarter of 1980. bu it expects a loss in the final three months. Operating profits for the year as a whole will therefore be lower than the Fl 19.5m ($9.65m) reported in the first half. At the same time KNP has begun talks with the trade unions to shut down two paper machines. The "extensive" provisions needed to cover this will be set against 1980 profits and will take the company into the red for 1980.

KNP made an operating profit of Fl 11.1m in 1979, though a loss of Fl 35.2m on the 51 per cent stake in the Okto paper mill led to a net loss of Fl 24m.

The Okto mill has now been taken out of service following a decision by the Economics Minister to provide no further aid. No purchaser has been found, but the plant will be kept in mothballs to allow it to be restarted later if possible.

This decision has been taken because of high unemployment levels in the region and because of the Ministry's view of the paper sector in the longer term.

Statoil raises forecast

BY FAY GESTER IN OSLO

STATOIL, NORWAY'S state oil company, has increased its profit forecasts for 1980 and 1981 because of higher oil prices, and now expects to completely eradicate its accumulated deficit before the end of next year. This is revealed in an Oil Ministry White Paper on the company's plans for 1981, tabled at the weekend.

In its comments on Statoil's plans, the ministry says that no decision to develop additional fields in Norway's sector should be taken until the question of where to land the gas from the Anglo-Norwegian Statfjord field has been resolved.

Statoil's after-tax profits are now foreseen as Nkr 240m ($20m) for 1980 and at Nkr 1.16bn for 1981. This compares with an accumulated deficit of Nkr 829m as of January 1 this year.

The profits forecast would enable the company, founded in 1973, to pay its first dividend to the state in 1981. For the next few years, however, the Government proposes to let Statoil retain its profits, to help meet its heavy investment needs. These are estimated at NKr 3.09bn in 1981—NKr 1.08bn higher than foreseen in last year's White Paper on the company's plans.

The rise reflects significant investment scheduled in two new development projects approved during the past year, the Ula and North East Frigg fields, coupled with increased cost estimates for developing Statfjord, and higher exploration costs. The total cost of developing Statfjord, with three production platforms, three loading buoys and a standby vessel, is now put at NKr 42.3bn, of which Statoil's share will be NKr 17.8bn.

Rorento cuts German assets

By Our Amsterdam Correspondent

RORENTO, the Dutch investment fund specialising in fixed-interest securities, sharply reduced its interests in Germany and began buying Canadian bonds in the first half of 1980/1981 as part of its concentration on energy-rich countries.

The fund reduced its share of assets in German stocks to 6.6 per cent from 16 per cent, raising its Canadian holding to 4.8 from 0.6 per cent. It also continued with purchases of British bonds, which now account for nearly a quarter of its portfolio. However, the pound's recent sharp rise prompted Rorento to hedge its sterling interests by selling forward against guilders.

Net assets rose 2.5 per cent to Fl 2.25bn ($1.1bn) in the six months to the end of August.

Toshiba lifted by electronics division

By Charles Smith in Tokyo

TOSHIBA CORPORATION, the leading Japanese heavy electrical company whose shares were recently quoted on the London stock exchange, increased its sales by 9 per cent over year ago levels to Y763bn ($3.63bn) in the six months ending September 30. Operating profits were also up by 9 per cent, to Y40.8bn ($194m), while net profits showed a 16 per cent increase to Y23.4bn ($111m).

Toshiba's sales increase reflected a substantial 29 per cent rise in the turnover of its communications and electronics division, the smallest of the company's three main divisions. Sales in this sector were up 29 per cent to Y202.3bn.

Heavy electrical products, previously the second ranking sector, also did well, increasing sales from Y263.1bn in the six months ending September 1979 to Y295bn in the latest six-month business period.

Meanwhile home appliances which had previously been the company's leading division, performed less well. Sales declined from Y278bn to Y265.9bn and the share of home appliances in Toshiba's total sales fell from 40 per cent to 35 per cent.

Strong earnings growth at Fujitsu in first half

BY YOKO SHIBATA IN TOKYO

STRONG growth in earnings has been reported by Fujitsu, Japan's largest manufacturer of mainframe computers and other telecommunication equipment, for the six months to September.

Sales rose by 2.4 per cent to Y274.68bn ($1.31bn) and operating profits reached Y15.01bn, ($71.7m), up 18.6 per cent. Net profits came to Y15.01bn ($71.7m), up 18.6 per from a year earlier and profits per share moved up to Y10.58, from Y8.50.

On the computer side, a poor export performance and weak sales to Nippon Telephone and Telegraph were offset by a strong demand from the private sector (up 27 per cent), which boosted turnover of computers and data communication equipment by 20 per cent to account for 65.4 per cent of the total. Sales of electronics parts jumped by 60 per cent due chiefly to an upsurge in exports of integrated circuits.

Despite the weak performance of the computers and communication equipment side, total exports grew by 14.5 per cent to reach Y39.89bn.

Negative factors such as Y1.6bn worth of exchange losses resulting from the yen's appreciation and Y2.2bn of interest payments were offset by production increases and rationalisation measures.

For the current half year ending March, the company sees continuing firm demand for computers and integrated circuits. Full year sales are expected to reach Y575bn, up 14.8 per cent over the previous year. Because of the uncertainty of exchange rates, the company forecasts only a 2 per cent increase in operating profits to Y34bn. Net profits are expected at Y18.5bn, up 18.2 per cent.

Setback for Mitsubishi Electric

BY OUR TOKYO CORRESPONDENT

MITSUBISHI ELECTRIC Corporation (Melco), Japan's third largest integrated electric machinery maker, experienced a setback in earnings in its first-half ended September, because of poor sales of summer goods, such as air conditioners and refrigerators, associated with the cold summer. However, the company expects to recover earnings for the full fiscal year on the strength of strong orders received in the half.

Operating profits fell on the year by 4.6 per cent to Y22.03bn ($105m). Net profits were also down 4.6 per cent, to Y11.48bn, though sales of Y587.8bn showed a gain of 14.2 per cent. Per share profits were Y8.2, against Y8.59 a year earlier.

Heavy electric machinery sales were boosted 21.4 per cent, to account for 24 per cent of the total, on the back of active plant and equipment investment in the private sector.

Sharp growth in sales of office computers and semiconductors means that electronics and industrial machinery division achieved a growth rate of 22.7 per cent. Sales setbacks were experienced only in the home electric appliances division, down 1.7 per cent. Exports, led by office computers and mini-computers, performed fairly well, and rose in value by 41.3 per cent.

For the current fiscal half, ending March 1981, the company expects operating profits to be Y49.5bn, up 2 per cent, and net profits Y25.5bn, up 2 per cent, on sales of Y1,200bn, up 12 per cent.

Packer to increase ownership of CPH

BY JAMES FORTH IN SYDNEY

MR. KERRY PACKER, the newspaper publisher, plans an A$15m (U.S.$17.6m) deal which would increase the extent of his ownership of Consolidated Press Holdings (CPH), of which he is chairman.

Mr. Packer owns 51 per cent of a private company, Cairnton Pty, which is the major shareholder in CPH with 44.8 per cent of the capital. It transpires that CPH owns the other 49 per cent, which gives it a beneficial interest in its own shares amounting to about 22 per cent of the capital.

CPH proposes to sell its stake in Cairnton to an unlisted proprietary company controlled by Mr. Packer, subject to the approval of shareholders at an extraordinary meeting on November 12.

The CPH board obtained advice from the merchant bank, Capel Court Corporation, which considers that the deal is in the best interests of CPH shareholders. Mr. Packer was independently advised by another merchant bank, Martin Corporation, and took no part in the CPH board's deliberations.

The CPH board's reasons for selling, Capel Court said, were to dismantle an undesirable corporate structure, to realise on what would otherwise be a locked-in asset, to increase the capital funds available for future developments and to increase the return on these funds. Capel pointed out that Mr. Packer was governing director of Cairnton and had the authority to control its activities. CPH had little effective influence. It could not sell its Cairnton holding without the approval of Mr. Packer, and the merchant bank concluded that it was difficult to envisage any other party being interested in buying into a locked-in minority position.

Mr. Packer proposes to pay A$5m cash and the remaining A$10m in redeemable preference shares maturing between 1982 and 1986. The interest rate ranges from 9 per cent for the 1982 preference shares to 9.75 per cent for the 1986 maturities.

Ampol directors plan announcement on bid

BY OUR SYDNEY CORRESPONDENT

THE DIRECTORS of Ampol Petroleum intend to make an announcement about Pioneer Concrete Services one-month on-market offer for Ampol before it ends on November 6. Pioneer already owns 32 per cent of Ampol. Its bid values the company at A$350m (US$408m). The Ampol directors have already advised holders not to sell at Pioneer's offer price of A$1.70 a share, which they said did notreflect the "full potential" of the shares.

They wished to ensure that shareholders would be properly advised of the action they should take but gave no indication of the likely contents of the pending message. Moreover, the directors said they would be unlikely to be able to communicate with holders in time through the post—indicating that they intend the announcement to be made only a day or two before November 6.

Shareholders are urged to "watch the financial press for tisement containing your board's recommendation of the action you should take."

The Ampol statement came after Pioneer obtained a A$70m unsecured stand-by credit facility from a syndicate of merchant banks, the largest merchant bank syndication undertaken in Australia.

The three year facility was arranged by BA Australia, which is the lead manager and agent. The other syndicate tralia, Lloyds International, Wardley Australia and Schroder Darling. Pioneer's holding in Ampol includes 11 per cent bought from Brambles Industries at A$1.70 before the launching of the on-market approach.

Ampol has stated that Pioneer wants to control the Ampol board. If successful, this would give it control over another 20 per cent of Ampol's capital—5 per cent held by the superannuation fund and 14.9 per cent by the Ampol Affiliate, Ampol Exploration, which in turn is 49 per cent owned by Ampol Petroleum.

SINGAPORE SECURITIES INDUSTRY

Watchdog looks for change

BY GEORGIE LEE IN SINGAPORE

THE Singapore Securities Industry Council (SIC) has made wide-ranging recommendations for changes to the framework and structure of the Singapore capital market, in a move to enhance its development.

The recommendations are directed specifically at three areas of the market—the equity market, the fund management industry and the Asian dollar and bond markets.

Among the key recommendations is the call for more Singapore Government-owned companies and foreign companies to be listed on the Singapore Stock Exchange, as well as for the Government-run Central Provident Fund (CPF) to participate in the domestic market in securities in other than Government securities.

The council—the Republic's watchdog over the securities industry—observed in recommendations it describes as provisional, that the Singapore equity market was small by international standards, with only 264 companies listed on the stock exchange and a total market capitalisation of S$29bn (US$14bn) at the end of last year. In order to increase the size and depth of the market, it felt a large number of financially sound companies should be listed on the stock exchange.

As a first step towards encouraging Singapore incorporated companies to obtain a quotation for their shares, more companies owned directly or indirectly by the Government could have their shares quoted on the stock exchange, the council suggested.

At the end of last year there were only three companies listed on the Stock Exchange which were substantially owned by the Government. However, the council noted that there were a number of other Government-owned or controlled enterprises which had good records and were highly capitalised, known to be profitable, and were likely to expand.

Foreign companies should be encouraged to list their shares on the Singapore Stock Exchange the Council suggested, by the Stock Exchange reviewing listing requirements, for reputable companies already listed on a recognised exchange.

Touching on brokers, the council recommended that member companies of the Stock Exchange should consider expanding their capital base with the further objective of becoming listed companies, and of allowing financial institutions to participate in their capital.

The Singapore Securities Industry Council has made a large number of recommendations designed to increase the size and depth of the local capital market

Stockbroking firms, it said, should direct more effort to upgrading their expertise and services, especially in research and investment, and to expanding their activities to include corporate finance and fund management services.

To increase expertise in investment analysis and research, the Singapore Securities Research Institute, which was set up by the stock exchange, should consider expanding and upgrading its training programme. Another recommendation is for the setting up of facilities for the trading of shares of small businesses so that new enterprises and small businesses could tap venture and expansion capital from the market.

On a more sensitive subject, the council recommended that reputable foreign broking firms should be admitted on a selective basis, as they could contribute to the development of the market.

Noting that the present brokerage rate structure does not encourage more active institutional participation in the market, the council recommended that the commission rate for transactions exceeding S$250,000 in market value should be negotiable, rather than being of the existing fixed rate of 1 per cent.

On the fund management industry, the council said that the present system of a single centralised provident fund in which almost all employers and employees in Singapore contributed to the national Central Provident Fund (CPF), and the manner in which the CPF invested its funds were not conducive for the development of the capital market and the fund management industry.

Singapore had a very high rate of compulsory contributions to the Central Provident Fund, and this had discouraged the setting up of privately managed pension funds. Moreover, the CPF's policy of investing only in Singapore Government loan stock had resulted in a lack of domestic funds for investment management.

The council recommended that more funds from the pension fund sector should be channelled into private investment management, and this, it said, could be achieved by encouraging the setting up of tax approved private pension or provident funds. The council also suggested that employers and employees be given the alternative to contribute towards pension or provident funds approved by the Government.

Such contributions, up to certain limits, should be allowed to be offset against the compulsory contributions to the CPF. The CPF's investment policy, the SIC said, should be modified to help improve the depth and liquidity of the market.

This could take the form of the creation of a fund for investment in domestic securities other than Government securities. This fund could be managed by the CPF itself. Alternatively, the CPF could consider setting up a central investment fund to which contributors could elect to have a fixed percentage of their contributions transferred.

The involvement of the CPF apart, the council suggested that fiscal incentives be offered to encourage the management of offshore funds from Singapore. At present, income earned outside Singapore by residents is subject to the normal tax if repatriated to Singapore. Furthermore, foreign income income which is not taxed in Singapore cannot be passed to non-residents without giving rise to tax when the income is paid out as dividends.

The council suggested that the incentives could take the form of favourable tax treatment on remitted offshore income and Singapore-source investment income repatriated to non-residents as dividends. Another recommendation is that management fees paid by investment companies to fund managers be allowed for tax deduction regardless of whether they are unit trusts, investment holding companies or investment dealing companies.

Singapore's existing tax regulations permit investment companies to deduct management fees paid to fund managers from their taxable income only if they are considered investment dealing companies, and not if they are investment holding companies or unit trusts.

In the Asiandollar market, the council recommended that to encourage syndication of loans in Singapore, foreign lawyers should be allowed to be represented in Singapore, in view of the lack of lawyers experienced in international commercial law and practice in the republic.

It also suggested that company law requirements pertaining to the issuing and listing of such bonds should be simplified

CURRENCIES; MONEY and GOLD

Dollar firm

FIRMER EURODOLLAR interest rates, and speculation about a possible rise in the Federal Reserve discount rate following the latest U.S. money supply figures, led to a strengthening of the dollar in the foreign exchange market yesterday. The U.S. currency touched DM 1.8815 against the D-mark, where the Bundesbank intervened to give support to the German unit. The dollar finished around its best level of the day against most currencies, at DM 1.8795, compared with DM 1.8660, and at SwFr 1.6990 in terms of the Swiss franc, against SwFr 1.6750, after reaching a peak of SwFr 1.70. The recent improvement against the yen also continued with the dollar rising to Y213.70 from Y212.50, partly reflecting fears of a cut in the Japanese discount rate.

The dollar's trade-weighted index, as calculated by the Bank of England, rose to 85.1 from 84.7.

Sterling's index, on Bank of England figures, was unchanged at 78.9, after opening at 79.3, and standing at 79.0 at noon.

The pound opened at $2.4560-$2.4570, the best level of the day, but fell to $2.4450 around lunch-time. Demand for the dollar pushed sterling down to a low of $2.4345-2.4355 in the afternoon, and it closed at $2.4370-$2.4380, a fall of 25 points on the day.

D-MARK — Second weakest member of the European Monetary System and lower against the dollar on interest rate differentials. The German currency is around a six-month low against the dollar and a four-year low in terms of sterling. — The Bundesbank intervened to *support the D-mark by selling dollars* in open trading and at the Frankfurt fixing. The German central bank sold $15.4m when the dollar was fixed at DM 1.8780, compared with DM 1.8713 previously. Higher Eurodollar interest rates helped the dollar, while the latest U.S. money supply figures were also seen as an indication that U.S. interest rates will remain firm. Sterling was unchanged at DM 4.5930 at the fixing, but the D-mark showed mixed changes against EMS currencies. The French franc was also unchanged, while the Irish punt and Dutch guilder gained ground. The Belgian franc, Danish krone and Italian lira were fixed lower against the D-mark.

DANISH KRONE—*Remaining* steady around the middle of the EMS, despite recent cuts in the central bank discount rate.—The krone weakened slightly against most other EMS curencies at the Gopenhagen fixing, but showed no sign of suffering any heavy speculative pressure following Friday's cut of 1 per cent to 11 per cent in the discount rate. The Danish curency remained comfortably above the Belgian franc, D-mark and Italian lira within the system helped by a better than expected trade performance in September. The underlying tendency is thought to be improving despite a widening of the trade deficit between August and September. Outside the EMS the dollar rose to DKr 5.7760 from DKr 5.7485 at the fixing, and sterling to DKr 14.1195 from DKr 14.1140.

JAPANESE YEN — Showing slightly easier trend, after a steady advance since late August based on the marked improvement in Japan's economic performance.—Firmer U.S. interest rates and expectations of a cut in the Bank of Japan discount rate depressed the yen against the dollar, with the U.S. unit closing at Y214.20, the highest level since September 25. It opened at Y213.00, compared with Friday's close of Y212.55 and *the dollar remained firm* throughout in moderate trading.

THE POUND SPOT AND FORWARD

Oct. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4345-2.4570	2.4370-2.4380	0.53-0.43c pm	2.38	1.25-1.15 pm	1.97
Canada	2.8510-2.8770	2.8550-2.8560	1.28-1.18c pm	5.17	3.03-2.93 pm	4.16
Nethlnd.	4.94½-4.99½	4.95½-4.96½	3½-2½c pm	7.26	9⅛-8⅛ pm	6.95
Belgium	73.20-73.90	73.30-73.40	35-25c pm	4.91	80-70 pm	4.09
Denmark	14.06-14.16	14.08¾-14.09¾	5½-4ore pm	4.05	6½-5 pm	1.63
Ireland	1.2180-1.2285	1.2190-1.2200	0.33-0.24p pm	2.80	0.72-0.80 pm	2.16
W. Ger.	4.57-4.62½	4.58-4.59	3½-2½pf pm	7.85	9½-8½ pm	7.52
Portugal	124.20-125.00	124.45-124.65	par-40c dis	−1.93	5-85 dis	−1.60
Spain	182.60-183.70	182.70-182.80	145-190c dis	−11.00	290-370 dis	−7.22
Italy	2,165-2,181	2,168-2,169	4-6lire dis	−2.77	24-27 dis	−4.70
Norway	12.03-12.12	12.03½-12.04½	6¾-4⅞ore pm	5.54	12⅝-11¾ pm	3.96
France	10.52½-10.63½	10.54¾-10.55¾	5¾-4¾c pm	5.97	12¾-11¾ pm	4.64
Sweden	10.30-10.37	10.32-10.33	½ore pm-½dis	0.22	½-1½ dis	−0.46
Japan	518-528	520½-521½	3.35-3.05y pm	7.37	6.75-6.35 pm	5.03
Austria	32.35-32.65	32.42-32.47	18-13gro pm	5.36	37-32 pm	4.25
Switz.	4.11-4.15½	4.14-4.15	4¾-3¾c pm	12.30	11½-10½ pm	10.49

Belgian rate is for convertible francs. Financial franc 73.40-73.50. Six-month forward dollar 1.48-1.38c pm. 12-month 1.70-1.55c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4345-2.4570	2.4370-2.4380	0.53-0.43c pm	2.36	1.25-1.15 pm	1.97
Ireland†	1.9970-2.0010	1.9970-2.0000	par-0.10c dis	−0.30	par-0.15 dis	−0.15
Canada	1.1704-1.1720	1.1717-1.1720	0.23-0.18c pm	2.10	0.55-0.50 pm	1.79
Nethlnd.	2.0315-2.0350	2.0333-2.0343	0.94-0.84c pm	5.25	2.42-2.32 pm	4.66
Belgium	30.07½-30.11	30.09-30.11	7½-6c pm	2.69	17-15 pm	2.13
Denmark	5.7690-5.7730	5.7715-5.7730	1-½ore pm	1.56	½-1 dis	−0.52
W. Ger.	1.8755-1.8815	1.8790-1.8800	0.90-0.86pf pm	5.62	2.54-2.49 pm	5.35
Portugal	51.00-51.12	51.02-51.12	10-25c dis	−4.11	30-65 dis	−3.72
Spain	74.94-75.00	74.95-75.00	80-95c dis	−14.00	190-220 dis	−10.94
Italy	888.25-889.85	889.35-889.85	3¾-4¾lire dis	−5.73	14½-16 dis	−6.86
Norway	4.9335-4.9385	4.9340-4.9350	1.30-0.80ore pm	2.55	2.50-2.00 pm	1.82
France	4.3260-4.3315	4.3300-4.3315	1.25-1.15c pm	3.32	2.85-2.75 pm	2.59
Sweden	4.2260-4.2375	4.2275-4.2290	0.75-0.80ore dis	−2.34	2.75-2.90dis	−2.67
Japan	213.10-214.30	213.65-213.75	0.90-0.75y pm	4.63	2.55-2.40 pm	4.63
Austria	13.28¾-13.31½	13.30½-13.31½	3½-3gro pm	2.93	8-6½ pm	2.18
Switz.	1.6820-1.7000	1.6985-1.6995	1.46-1.41c pm	10.13	3.72-3.67 pm	8.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	78.9	−25.7
U.S. dollar	85.1	−8.7
Canadian dollar	80.5	−17.5
Austrian schilling	151.1	+23.0
Belgian franc	113.3	+12.0
Danish kroner	103.9	−6.4
Deutsche mark	149.9	+41.0
Swiss franc	194.6	+79.0
Guilder	124.8	+18.9
French franc	99.3	−6.7
Lira	51.5	−52.1
Yen	135.2	+32.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.530141	0.558709
U.S. $	11	1.30176	1.37107
Canadian $	11.76	1.52150	1.60224
Austria Sch	6¾	unavail'le	18.1530
Belgium F	12	38.9942	41.0534
Danish K	11	7.47861	7.87681
D'mark	7½	2.43598	2.56459
Guilder	8	2.65671	2.77505
French Fr	9½	5.61319	5.90795
Lira	16½	1152.58	1213.74
Yen	8.25	274.411	291.490
Norwgn. Kr.	9	6.41853	6.75116
Spanish Pts.	8	97.3209	102.693
Swedish Kr.	10	5.48853	5.77935
Swiss Fr	3	2.17593	2.29627

OTHER CURRENCIES

Oct. 27	£	$		£ Note Rates
Argentina Peso	4743-4763	1945-1952	Austria	32.30-32.60
Australia Dollar	2.0815-2.0855	0.8545-0.8550	Belgium	73.40-74.10
Brazil Cruzeiro	145.15-146.15	59.595-59.795	Denmark	14.02-14.22
Finland Markka	9.05-9.058	3.7180-3.7190	France	10.52-10.62
Greek Drachma	105.105-107.537	43.25-43.40	Germany	4.57-4.61
Hong Kong Dollar	12.34-12.36	5.0665-5.0675	Italy	2170-2245
Iran Rial	n.a.	n.a.	Japan	520-525
Kuwait Dinar (KD)	0.655-0.661	0.2686-0.2687	Netherlands	4.94-4.98
Luxembourg Frc.	73.30-73.40	30.09-30.11	Norway	12.01-12.16
Malaysia Dollar	5.2275-5.2375	2.1470-2.1490	Portugal	118½-135
New Zealand Dlr.	2.4890-2.4940	1.0215-1.0225	Spain	178¼-188
Saudi Arab. Riyal	8.10-8.16	3.3200-3.3215	Sweden	10.28-10.43
Singapore Dollar	5.0725-5.0825	2.0830-2.0850	Switzerland	4.10¾-4.14¾
Sth. African Rand	1.8245-1.8255	0.7485-0.7490	United States	2.43-2.44½
U.A.E. Dirham	9.00-9.06	3.6885-3.6900	Yugoslavia	78-81

Rate given for Argentina is free rate.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 27, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	105.0
Albania	Lek	10.13
Algeria	Dinar	9.3705
Andorra	French Franc	10.5525
	Spanish Peseta	182.75
Angola	Kwanza	70.3505
Antigua (S)	E. Caribbean $	6.60
Argentina	Ar. Peso Free Rate	4,753.0
Australia (S)	Australian $	2.0835
Austria	Schilling	32.445
Azores	Portug. Escudo	124.55
Bahamas (S)	Ba. Dollar	2.4375
Bahrain (S)	Dinar	0.926
Balearic Isles	Spa. Peseta	182.75
Bangladesh (S)	Taka	38.20
Barbados (S)	Barbados $††	4.8750
Belgium	B. Franc	(cm) 73.35 (fn) 73.45
Belize	B $	4.8750
Benin	C.F.A. Franc	527.625
Bermuda (S)	Bda $	2.4300
Bhutan	Indian Rupee	18.83
Bolivia	Bolivian Peso	61.12
Botswana (S)	Pula	1.8995
Brazil	Cruzeiro ‡‡	145.67
Brit. Virgin Isles (S)	U.S. $	2.4375
Brunei (S)	Brunei $	5.0775
Bulgaria	Lev	2.0592
Burma	Kyat	16.4480
Burundi	Burundi Franc	217.12
Cameroon Republic	C.F.A. Franc	527.625
Canada	Canadian $	2.8555
Canary Islands	Spanish Peseta	182.75
Cape Verde Isle	Cape V. Escudo	89.25
Cayman Islands (S)	Cay. Is. $	2.0310
Cent. Af. Repub.	C.F.A. Franc	527.625
Chad	C.F.A. Franc	527.625
Chile	C. Peso	(Bk) 95.16
China	Renminbi Yuan	3.6341
Colombia	C. Peso	(F) 120.21
Comoro Islands	C.F.A. Franc	526.625
Congo (Brazzaville)	C.F.A. Franc	527.625
Costa Rica	Colon	20.96
Cuba	Cuban Peso	1.6850
Cyprus (S)	Cyprus £	0.857
Czechoslovakia	Koruna	(com) 12.65 n/c 22.03 (T) 21.61
Denmark	Danish Krone	14.0875
Djibouti	Fr.	425 (sg)
Dominica (S)	E. Caribbean $	6.60
Dominican Repub.	Dominican Peso	2.4375
Ecuador	Sucre	(O) 61.18 (F) 67.28
Egypt	Egyptian £	(U) 1.70
Equatorial Guinea	Ekuele	182.75
Ethiopia	Ethiopian Birr	(P) 5.0250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.0875
Fiji Islands	Fiji $	1.9305
Finland	Markka	9.054
France	French Franc	10.5525
French C'tyin Af*	C.F.A. Franc	527.625
French Guiana	Local Franc	10.5525
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	527.625
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.585
Germany (West)	Deutsche Mark	4.585
Ghana (S)	Cedi	6.70
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	106.271

Place	Local unit	Value of £ sterling
Greenland	Danish Kroner	14.0875
Grenada (S)	E. Caribbean $	6.60
Guadaloupe	Local Franc	10.5525
Guam	U.S. $	2.4375
Guatemala	Quetzal	2.4375
Guinea Republic	Syli	45.80
Guinea Bissau	Peso	82.55
Guyana (S)	Guyanese $	6.2155
Haiti	Gourd	12.19
Honduras Repub.	Lempira	4.90
Hong Kong (S)	H.K. $	12.35
Hungary	Forint	(com) 77.3497 (T)(nc) 55.5274
Iceland (S)	I. Krona	1,311.65
India (S)	Ind. Rupee	18.83
Indonesia	Rupiah	1,528.12
Iran	Rial	n/a
Iraq	Iraq Dinar	0.7230
Irish Republic (k)	Irish £	1.1195
Israel	Shekel	15.30
Italy	Lira	2,168.5
Ivory Coast	C.F.A. Franc	527.625
Jamaica (S)	Jamaica Dollar	4.3470
Japan	Yen	521.0
Jordan (S)	Jordan Dinar	0.721 (sg)
Kampuchea	Riel	2,925.0
Kenya (S)	Kenya Shilling	18.07
Kiribati	Australian $	2.0835
Korea (Nth)	Won	2.06 (ii)
Korea (Sth)	Won	1,584.285
Kuwait	Kuwait Dinar	0.658
Laos	New Kip	24.45
Lebanon	Lebanese £	8.5545
Lesotho	Loti	1.8250
Liberia	Liberian $	2.4375
Libya	Libyan Dinar	0.7215
Liechtenstein	Swiss Franc	4.145
Luxembourg	Lux Franc	73.35
Macao	Pataca	12.9705
Madeira	Portug'se Escudo	124.55
Malagasy Republic	MG Franc	527.625
Malawi (S)	Kwacha	1.98
Malaysia (S)	Ringgit	5.2325
Maldive Islands (S)	Mal Rupee	9.6090
Mali Republic	Mali Franc	1,055.25
Malta (S)	Maltese £	0.842
Martinique	Local Franc	10.5525
Mauritania	Ouguiya	105.40
Mauritius (S)	M. Rupee	18.7620
Mexico	Mexican Peso	56.26
Miquelon	C.F.A. Franc	527.625
Monaco	French Franc	10.5525
Mongolia	Tugrik	(o) 6.87 (ii)
Montserrat	E. Caribbean $	6.60
Morocco	Dirham	9.83 (sg)
Mozambique	Metical	71.45
Nauru	Australian Dollar	2.0835
Nepal	Nepalese Rupee	29.35
Netherlands	Guilder	4.96
Netherland Antilles	Antillian Guilder	4.3630
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4915
Nicaragua	Cordoba	24.40
Niger Republic	C. F. A. Franc	527.625
Nigeria (S)	Naira	1,257479 (sg)
Norway	Norway Krone	12.04
Oman Sultate of (S)	Rial Omani	0.846
Pakistan	Pakistan Rupee	24.00
Panama	Balboa	2.4375
Papua N.Guinea (S)	Kina	1.5885
Paraguay	Guarani	307.44

Place	Local unit	Value of £ sterling
Peru	Sol	(exc) (A) 772.47
Philippines	Philippine Peso	18.09
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4915
Poland	Zloty	(Cm) 72.66 (T) 72.66
Portugal	Portugu'se Escudo	124.55
Puerto Rico	U.S. $	2.4375
Qatar (S)	Qatar Ryal	8.91
Reunion Ile de la	French Franc	10.5525
Romania	Leu	(Cm) 10.48 (n/c) 28.13
Rwanda	Rwanda Franc	222.01
St. Christopher (S)	E. Caribbean $	6.60
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.60
St. Pierre	Local Franc	10.5525
S. Vincent (S)	E. Caribbean $	6.60
Salvador El	Colon	6.1091
Samoa American	U.S. $	2.4375
San Marino	Italian Lira	2,168.5
Sao T'oe&Principe	Dobra	84.90
Saudi Arabia	Ryal	8.13
Senegal	C.F.A. Franc	521.0
Seychelles	S. Rupee	15.40 (SG)
Sierra Leone (S)	Leone	2.5562
Singapore (S)	Singapore $	5.0775
Solomon Islands (S)	Solomon Is. $	1.9605
Somali Republic	Somali Shilling	(A) 14.73
South Africa (S)	Rand	1.8250
South West African Territories (S)	S. A. Rand	1.8250
Spain	Peseta	182.75
Spanish ports in North Africa	Peseta	182.75
Sri Lanka (S)	S. L. Rupee	41.75
Sudan Republic	Sudan £ (1)	1.21
Sudan Republic	Sudan £ (2)	1.95
Surinam	S. Guilder	4.3630
Swaziland (S)	Lilangeni	1.8260
Sweden	S. Krona	10.325
Switzerland	Swiss Franc	4.145
Syria	Syria £	(A) 9.60
Taiwan	New Taiwan $	87.75
Tanzania (S)	Tan. Shilling	19.75
Thailand	Baht	49.80
Togo Republic	C.F.A. Franc	527.625
Tonga Islands (S)	Pa'anga	2.08 35
Trinidad (S)	Trinidad & Tob. $	5.8500
Tunisia	Tunisian Dinar	0.992 (SG)
Turkey	Turkish Lira	206.50
Turks & Calcos	U.S. $	2.4375
Tuvalu	Australian $	2.0835
Uganda (S)	Uganda Shilling	18.07
United States	U.S. Dollar	2.4375
Uruguay	Uruguay Peso	(cm) 23.41 (fn) 23.43
Utd. Arab Emirates	U.A.E. Dirham	9.05
U.S.S.R.	Rouble	1.5457
Upper Volta	C.F.A Franc	527.625
Vanuatu	Franc	170 (SG)
	Aust. Dollar	2.0835
Vatican	Italian Lire	2,1685
Venezuela	Bolivar	10..47
Vietnam	Dong	(O) 5.3300 (T) 5.0513 (1)
Virgin Islands U.S.	U.S. Dollar	2.4375
Western Samoa	S. Samoan Tala	2.1505
Yemen (Nth)	Ryal	10.09 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8350
Yugoslavia	New Y Dinar	68.6241
Zaire Republic	Zaire	7.185867
Zambia	Kwacha	1.9350
Zimbabwe	Zimbabwe $	1.5225

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 102.375. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.0627	+3.20	+0.91	±1.53
Danish Krone	7.72336	7.88150	+2.05	−0.24	±1.64
German D-Mark	2.48208	2.56484	+3.33	+1.04	±1.125
French Franc	5.84700	5.90891	+1.06	−1.23	±1.3557
Dutch Guilder	2.74362	2.77474	+1.13	−1.16	±1.512
Irish Punt	0.668201	0.682558	+2.15	−0.14	±1.668
Italian Lira	1157.79	1213.59	+4.82	+2.68	±4.08

Changes are for ECU, therefore positive change denotes a *weak currency. Adjustment calculated by Financial Times.*

EXCHANGE CROSS RATES

Oct. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.438	4.585	521.0	10.55	4.145	4.960	2169.	2.856	73.35
U.S. Dollar	0.410	1.	1.881	213.7	4.329	1.701	2.035	889.6	1.171	30.09
Deutschemark	0.218	0.532	1.	113.6	2.302	0.904	1.082	473.0	0.623	16.00
Japanese Yen 1,000	1.919	4.679	8.800	1000.	20.25	7.956	9.520	4163.	5.481	140.8
French Franc 10	0.948	2.310	4.345	493.7	10	3.928	4.700	2055.	2.706	69.51
Swiss Franc	0.241	0.588	1.106	125.7	2.546	1.	1.197	523.2	0.689	17.70
Dutch Guilder	0.202	0.491	0.924	105.0	2.128	0.836	1.	437.2	0.576	14.79
Italian Lira, 1,000	0.461	1.124	2.114	240.3	4.866	1.911	2.287	1000.	1.317	33.83
Canadian Dollar	0.350	0.854	1.606	182.5	3.695	1.452	1.737	759.4	1.	25.69
Belgian Franc 100	1.363	3.323	6.251	710.3	14.39	5.651	6.762	2956.	3.893	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/8	offer 14 1/4	bid 14 1/8	offer 14 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-17¼	13¼-13½	13-14	8⅞-9	½-¾	8⅛-8⅞	11-11¼	14-17	13⅞-13⅞	10¼-10¾
7 days' notice	17½-17¾	13⅝-13⅝	13-14	8⅞-9⅛	7-7¾	8⅝-8¾	11-11¼	18¼-20¼	13⅝-13⅞	10¼-10½
Month	16⅞-17⅛	14⅛-14⅛	12-12⅜	9⅛-9⅛	4¼-4⅜	8⅞-8⅞	11⅛-11⅛	19½-20½	14⅛-14⅛	9½-9¾
Three months	16½-16⅝	14⅛-14⅛	12¼-12⅝	9⅛-9⅛	5⅛-5⅛	8⅞-8⅞	11⅝-11⅞	20½-21½	14-14⅛	9½-9⅝
Six months	15¼-15⅞	14¼-14½	12½-12⅞	9⅛-9⅛	5½-5⅝	8¾-8⅞	12¼-12½	21½-22½	14-14⅛	9-9¼
One Year	14⅞-14⅞	13¾-14	12⅝-13	9½-9⅝	5⅛-5⅛	8⅞-8⅞	12⅛-12⅞	21½-22½	13½-13⅝	9½-9⅝

Long-term Eurodollar two years 13¼-13½ per cent; three years 13⅛-13⅞ per cent; four years 13-13¼ per cent; five years 13-13¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.75-13.85 per cent; three-months 14.15-14.25 per cent; six months 14.25-14.35 per cent; one year 13.40-13.60 per cent.

INTERNATIONAL MONEY MARKETS

German rates ease

German short term interest rates had an easier trend yesterday, and are expected to show a downward tendency next year according to Germany's five leading economic research institutes. In their joint autumn report the institutes predict *no growth* in gross national product in 1981, but a strengthening of the D-mark and an increase in bank liquidity accompanied by lower interest rates.

In Frankfurt yesterday call money eased to 9.00-9.10 per cent from 9.05-9.15 per cent, while term rates also declined. One-month funds were quoted at 9.00-9.20 per cent compared with 9.10-9.20 per cent, and three-month at 9.00-9.20 per cent against 9.05-9.15 per cent. Six-month money fell sharply to 8.70-8.90 per cent from 9.10-9.20 per cent, and 12-month eased to 8.60-8.80 per cent from 8.75-8.85 per cent.

In Paris day-to-day money eased to 10⅞ per cent *from* 11 per cent, while Dutch money market rates showed mixed changes. Call money firmed to 9½-9¾ per cent from 9-9½ per cent, and one-month to 9½-9¾ per cent from 9-9¼ per cent. Three-month funds declined to 9½-9¾ per cent from 9¾-9½ per cent, and six-month was quoted at 9¾-9½ per cent against 9¾-9½ per cent, with 12-month unchanged at 9½-9½ per cent.

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

The action of the authorities to *remind banks that* reserve asset positions must be maintained at all times, and that ratios will be subject to spot checks, tended to keep up overnight interbank rates but reduce the interest rate on call money offered to the discount houses yesterday. Interbank rates were around 16¾-17 per cent for most of the day, before rising to 20 per cent near the close, while discount houses paid up to *15½-15¾ per cent for* money, but found late funds available at about 14 per cent.

Day-to-day credit was in good supply and the authorities absorbed surplus funds by selling a small amount of Treasury bills to the houses. Banks brought forward surplus balances, there was an excess of Government disbursements over revenue payments to the Exchequer, and the market was also helped by a small decrease in the note circulation.

GOLD

Slight rise

Gold rose $3 to close at $634-$637 *in the London* bullion market yesterday. It opened at $630-633 and was fixed at $633.50 in the morning and $637.25 in the afternoon. Trading was quiet, with the metal touching a peak of $636-638.

In Paris the 12½-kilo gold bar was fixed at FFr 88,940 per kilo ($639.16 per ounce) in the afternoon, compared with FFr 89,500 ($643.30) in the morning, and *FFr 90,000 ($649.18) Friday* afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 38,335 per kilo ($634.51 per ounce), against DM 37,900 ($630.00) previously, and closed at $636½-638½ against $632-634 on Friday.

In Zurich gold finished at $636-639, compared with $632-635.

	Oct. 27		Oct. 24	
Gold Bullion (fine ounce)				
Close	$634-637	(£260-261½)	$631-634	(£258-259¼)
Opening	$630-633	(£258½-257¾)	$624-627	(£253¾-255)
Morning fixing	$633.50	(£259.143)	$628	(£255.544)
Afternoon fixing	$637.25	(£260.954)	$633	(£258.475)
Gold Coins				
Krugerrand	$653-655	(£268-270)	$652-654	(£266½-267½)
1/2 Krugerrand	$336-341	(£137-141)	$330-335	(£135¼-137¼)
1/4 Krugerrand	$169-174	(£68-72)	£167-172	(£68-70½)
1/10 Krugerrand	$69½-72½	(£28-30)	$68-71	(£28-29)
Mapleleaf	$648-652	(£266¼-269¼)	$646-650	(£264-265¾)
New Sovereigns	$160½-161½	(£66-67)	$159-161	(£65-66)
King Sovs	$181-183	(£74¼-75¾)	$181-183	(£74-75)
Victoria Sovs	$181-183	(£74¼-75¾)	$181-183	(£74-75)
French 20s	$164-167		$165-168	
50 pesos Mexico	$792-795		$785-789	
100 Cor. Austria	$619-623		$620-624	
$20 Eagles	$749-753		$751-756	

LONDON MONEY RATES

Oct. 27 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16½-20	17	—	—	—	14-15⅞	—	—	—
2 days notice	—	—	17⅛	—	—	—	—	—	—	—
7 days or	—	17-17½	17⅛-17½	—	17½	—	15¼-16	—	—	—
7 days notice	—	—	—	—	—	—	—	—	—	—
One month	16⅛-16½	16¾-16⅞	16⅞-17	17-17½	17⅛	17⅛	15¼-15½	14⅞	16⅛-16⅞	17
Two months	16⅛-16¼	16⅜-16⅝	—	16¼-16¾	16⅞	16⅞-17¼	14¾-14⅞	14⅞	15⅞-15⅞	16⅝
Three months	16⅛-16	16⅛-16⅛	16⅛-17	15¾-16¼	16⅝	16⅛	14⅜-14⅛	14¼-14⅜	15-15⅛	16⅛
Six months	15-14⅞	15⅛-15⅜	16⅛-16¼	14¾-15¼	15⅛	16	—	—	13⅞	14⅞
Nine months	14⅜-14⅛	14¼-14⅝	—	14½-14⅞	14¾	15¼	—	—	—	—
One Year	14-13⅞	14⅛-14⅛	14¼-14⅜	14¼-14½	14⅛	15	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; *four years 13½-13⅝ per cent; five years 13½-13⅝ per cent.* ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four-months trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅞ per cent; three-months 14⅞-14⅞ per cent. Approximate selling rates for one-month bank bills 16-16⅞ per cent; two-months 15⅞-15⅞ per cent; three months 14⅞ per cent; *one-month trade bills 16¾ per cent; two-months 16½ per cent and three-months* 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 13.3334 per cent.

MONEY RATES

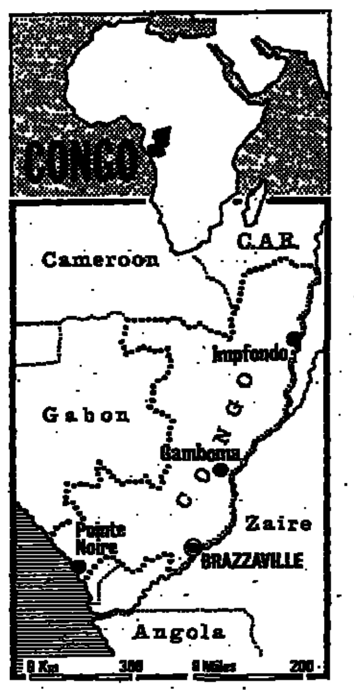
NEW YORK	
Prime Rate	14
Fed. Fund	13¾-13¾
Treasury Bills (13-week)	11.74
Treasury Bills (26-week)	11.73
GERMANY	
Discount Rate	7.50
Overnight Rate	9.05
One month	9.10
Three months	9.10
Six months	8.80
FRANCE	
Discount Rate	9.5
Overnight Rate	10.875
One month	11.1875
Three months	11.5
Six months	11.875
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.0625
Bills Discount (three-mth.)	10.53125

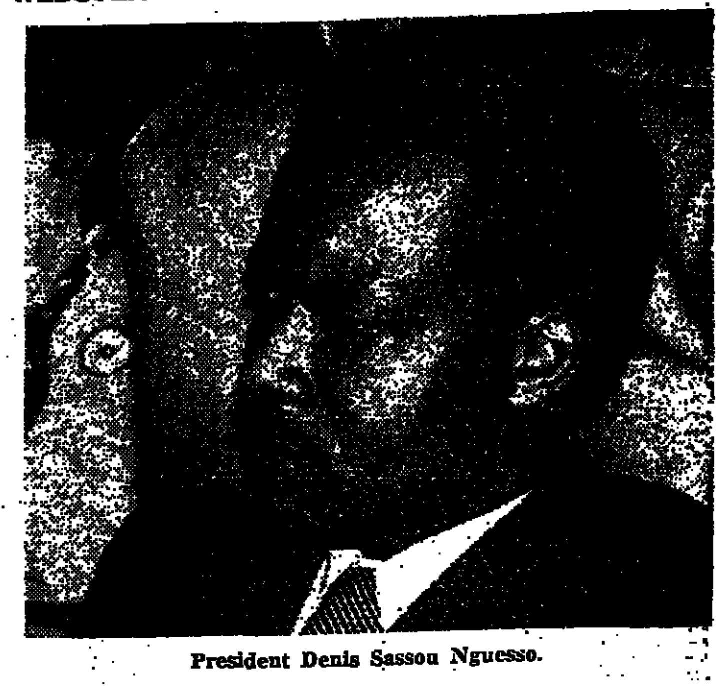
Marxist Congo welcomes Western investment

BY MARK WEBSTER

"THEIR RHETORIC may be Marxist Leninist but the suits are pure Pierre Cardin," said a visiting businessman about the central African republic of the Congo. Despite 17 years of "scientific socialism," the Congo retains an untrammelled private sector, its biggest trading partner by far is France, the former colonial power, and the military Government is anxious for more Western investment.

At first glance, the market does not look particularly attractive. The tiny country of only 1.5m people is squashed between Zaire and Gabon and suffers from poor infrastructure and a heavily overstaffed public sector. Brazzaville, the capital, was also the capital of French colonial Equatorial Africa, which encouraged education and left the Congo with one of Africa's highest literacy rates—but few jobs.





President Denis Sassou Nguesso.

The Congo has had a history of political instability since the first civilian head of state was deposed in 1963, three years after independence. He was succeeded by Mr. Alphonse Massemba-Debat who ran the country until the 1968 takeover by the armed forces, under whom the idea of "scientific socialism" took root in the Congo.

But Marxism Leninism was first vigorously pursued by the military government of Colonel Marien Ngouabi, who was assassinated in 1977. Under Colonel Ngouabi, now revered as a national hero, the public sector grew into a huge, inefficient, debt-ridden empire, while the policy of full employment meant the Government had to find jobs for thousands of school leavers and graduates every year.

Heal wounds

The Congo's economic and political fortunes have revived considerably over the past 18 months. Col. Denis Sassou Nguesso, an urbane Saint Cyr-educated party militant, has done much to consolidate his power and heal old wounds at home and abroad since he came to power in February last year. Internationally, he has followed the policy of his military predecessor by improving relations with the West—especially France, to which he made his first state visit.

At home, he has tried to foster better relations between the armed forces and civilians, and between the north and south.

To overcome the country's north-south divide, the President has released several prisoners from the south who were implicated in Col. Ngouabi's assassination. He has also made a personal visit to one southern region and earlier this year was host to the Pope, who got an enthusiastic reception from the largely Roman Catholic southerners.

The Congo's problem is that southerners were favoured by the educational policies of the *French because they were near* the capital and its schools, while the north remained far more backward. As a result northerners drifted into the army and northerners, including the President, dominate the military government.

Col. Sassou Nguesso's Government has been helped enormously by last year's discovery of substantial reserves of offshore oil. The finds have radically improved the Congo's otherwise gloomy economic outlook. Elf and Agip, the operating companies, announced that production should rise from 54,000 (b/d) to 70,000 b/d by the end of this year and, if all goes well, will be 160,000 b/d by 1985—not large by world standards but a lifeline for the Congo.

This oil boom has already been reflected in the economy. The *1980 budget was revised* upwards earlier this year to CFA Francs 119bn (£238m) an increase of 25 per cent in recurrent spending and more than 100 per cent in the investment budget. The Government is confident that oil revenue will more *than* cover the extra spending, much of which goes on agriculture.

Surplus hope

The same improvement is visible in the overall balance of payments, which had been *running a deficit since* 1974. The Finance Ministry estimates that last year produced a slight surplus and projects that 1980 will show a payments surplus of about CFA Fr 2bn. Foreign exchange reserves reached a record CFA Fr 17bn in July, and are expected to rise even higher.

However, it is too early to be optimistic about the Congo's longer-term prospects. Oil revenue will help, but major problems remain. A one-year stabilisation plan with the International Monetary Fund, which ran out in April, pinpointed some pressing matters, including the need to slim the public sector, to put more money into productive ventures—especially agriculture—and to contain the heavy external debt burden.

Economists are encouraged by the Government's review of all *80 state-controlled* companies, now completed, but say it will need a strong political will to carry out recommendations to trim the workforce when employment prospects elsewhere are poor. The state-controlled companies are also responsible *for* a large share of foreign debt. The estimated $1bn debt had to be rescheduled last year because of fast-growing debt-servicing commitments. But even after rescheduling, debt repayments will absorb some CFA Fr 18bn, or 15.5 per cent of export receipts this year.

The Government also has to breathe new life into agriculture. Timber remains a major foreign exchange earner and new investment is planned for the north; sugar production has crept up to 12,000 tonnes a year since a Franco-Dutch concern took over management; coffee production has stagnated at around 5,000 tonnes a year, and cocoa recently increased significantly to 2,700 tonnes a year. But the levels are still well below their independence level.

It is the need to restore the economy which has revived relations between the Congo and the West. The Soviet Union and Cuba provide the Government's rhetoric, and train and equip the Congo's armed forces. The West continues to dominate its industry and busines.

WORLD STOCK MARKETS

Broad early Wall St. retreat

FEARS OF higher interest rates caused a broad retreat on Wall Street yesterday morning in a fairly large turnover.

The Dow Jones Industrial Average receded 7.85 to 935.75 at 1 pm, while the NYSE All Common Index fell 77 cents to $74.13 and declines outnumbered gains by a three-to-one ratio. Trading volume decreased to 23.76m shares from last Friday's 1pm figure of 28.19m.

The rise in the money supply, reported late last Friday, reinforced the belief that the Federal Reserve will have to tighten credit further, while *analysts added that the closeness* of the Presidential election race between Carter and Reagan was also prompting caution.

Wall Street has generally favoured Reagan because of *his* conservative economic views. With the candidates' debate due tonight many investors chose to stay on the sidelines.

Caesars World lost ½ to $15. The New Jersey Casino Control Commission has granted a gaming license to Caesars' Boardwalk Regency Hotel after chairman and vice-chairman Clifford and Stuart Perlman took unpaid leaves of absence.

The Commission last Thursday found them unqualified to hold a license.

Active **Southland Royalty** fell 2⅝ to $65⅝. It recently issued two new Royalty trusts to holders. **San Juan Royalty Trust** declined 1⅞ to $12⅞ but **Permian Basin Royalty Trust** rose $1 to $23 both in active trading.

Southern Union shed 1⅝ to $43⅛. It *has* reported *sharply* lower third-quarter net profits but voted a three-for-two stock split and raised the dividend.

THE AMERICAN SE Market Value Index *shed 2.47 to 352.97* at 1 pm. *Volume* 3.46m shares.

Canada

Stocks tended to lose further ground in active early dealings, with the Toronto Composite Index recording a fall of 9.9 at 2,309.5 at noon. The Oil and Gas Index eased 15.9 to 4,896.8 and Metals and Minerals 24.7 to 2,362.3, but Golds gained 30.7 to 5,621.8. In Montreal, Banks receded 5.24 to 366.13.

Closing prices for North America were not available for this edition.

Toyko

The market remained easier-inclined in light trading, with many investors holding off in view of the approaching end-month position.

The Nikkei-Dow Jones Average shed 9.73 to 7,089.19 and the Tokyo SE index 1.43 to 491.86, while falls on the First Market section outpaced rises by 335 to 263. Volume contracted to 170m shares.

Oils mostly weakened, with **Nippon Oil** losing Y40 to Y1,340, **Koa Oil** Y13 to Y755 and **Maruzen Oil** Y4 to Y376.

Recently buoyant Light Electricals also retrated, **TDK Electronic** Y60 to Y2,990, **Victor** Y50 to Y2,140 and **Sony** Y40 to Y2,990.

Among Trading Houses, **Mitsubishi** fell Y17 to Y740 and **Mitsui** Y8 to Y372, while Steels and Heavy Electric Machines receded.

Toshiba shed Y1 to Y227 and **Fujitsu** Y10 to Y542 despite their improved interim results.

In contrast, Pharmaceuticals moved sharply higher on speculative buying. **Tanabe Pharmaceutical** advancing Y100 to Y892.

Germany

Bourse prices closed mixed after listless trading. However, some shares were boosted by institutional bargain hunting, and the Commerzbank index edged up 1.0 to 709.3.

Investors mainly stayed on the sidelines because of the weakness *of the Deutsche Mark and* uncertainty about how high U.S. interest rates would go. Also keeping investors out of the market were the ongoing discussions in Bonn within the recently re-elected Social-Democratic and Liberal coalition Government. The coalition partners are working out common policies on limiting Federal borrowing, which should have an impact on the Bond market.

Among Machine Manufacturers, **Linde** rose DM 4.50 and **Deutsche Babcock** DM 1.50. **Siemens** advanced DM 3.40 in Electricals.

The Domestic Bond market remained weak, with losses in Public Authority issues extending to 40 pfennigs recorded. The Bundesbank made open market purchases of DM 22.3m. *The new* Federal Loan traded 1½ points *below its 99 per cent issue price.*

Hong Kong

Spurred on by Saturday's decision by the Hong Kong Exchange Bank's Association's decision not to raise local Prime Rate, shares generally continued to advance yesterday in heavy *dealings. The* Hang Seng index climbed 17.25 more to 1,479.36, a new seven-year high, while turnover on the four exchanges increased to HK$647.90m from last Friday's total of HK$547.35m.

Market talk that **Jardine Matheson** was continuing to increase its stake in **Hong Kong Land** was an important background factor, with **Land** rising 40 cents to HK$22.30 but **Jardine** easing 25 cents to HK$30.75.

Among other leaders, **Hong Kong Bank** moved ahead 90 cents to HK$21.00, **Hutchison Whampoa** 30 cents to HK$15.30 and **Swire Pacific "A"** 15 cents *to HK$9.50.*

Hang Seng Bank put on HK$3 to HK$147, **Green Island Cement** HK$1.00 to HK$65.60 and **Jardine Securities** 30 cents to HK$18.50.

Paris

Prices showed no particular trend at the end of an uneventful *session. Brokers said the* market's hesitation was essentially technical, since operators were squaring their positions ahead of the new monthly trading account, which begins today. News that French retail prices had risen 0.9 per cent in September, compared with 1 per cent in August, came *too late* to affect trading, but had generally been discounted already, traders said.

Among companies announcing higher first-half *profits*, *Poclain* gained FFr 10 to FFr 227 and **Thomson-CSF** FFr 5 to FFr 506.

Australia

Markets showed no clear overall trend yesterday, partly affected by London being between trading Accounts and *an indecisive* Gold market. There were a few good individual spots, although the Sydney All Ordinaries index shed 2.11 to 1,005.96 and the Metals and Minerals index $5.17 to 6,78.62.

Greenbushes and its *major* shareholder **Vultan** forged ahead A$1.10 to A$13.80 and 60 cents to A$5.60 respectively, still drawing *strength from* Greenbushes' recent tantalum find.

Among Uraniums, **EZ** gained 20 cents to A$7.10, **Peko** 10 cents to A$12.30 and **Queensland Mines** 20 cents *to A$9.20, while* Coal issue **Oakridge** hardened 20 cents to A$4.45.

Among Base Metal Minings, **MIM** declined 16 cents to A$5.30 and **Western** *Mining 20 cents* to A$6.20, but **North Broken Hill** improved 5 cents to A$4.30.

The **Hartogen Cluff** group reported a good gas flow from the Beldene number six *well* in Queensland's Cooper Basin. The field was declared commercial and will be tapped into the Kincora system in due course. **Cluff Oil**, with a 12½ per cent interest, gained 4 cents to 47 cents, but 50 per cent owner **Hartogen** shed 10 cents to A$6.40.

On the Industrials boards, **BHP** firmed 10 cents to A$16.55, **CSR** 6 cents to A$7.62 and **ANZ** 15 cents to A$4.60.

Johannesburg

Gold shares tended to harden in quiet trading, mirroring the slightly firmer Bullion price.

Indices

NEW YORK —DOW JONES

	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 17	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦Industr'ls	945.60	939.51	956.12	954.44	966.84	958.14	974.57 (22/9)	759.13 (21/4)	1051.70 (11/76)	41.22 (2/7/32)
H'me B'nds	66.61	66.59	66.94	67.28	67.27	67.37	76.61 (25/6)	65.87 (28/5)	—	—
Transport	373.47	375.85	381.08	368.41	362.89	356.32	381.08 (22/10)	233.69 (27/3)	381.08 (22/10/80)	12.25 (8/7/32)
Utilities	112.74	112.95	115.07	112.93	112.74	112.83	115.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.62 (28/4/42)
Trading Vol 000's	41,220	48,680	43,220	51,500	41,100	43,820	—	—	—	—

♦Day's high 947.35 low 931.06

	Oct. 17	Oct. 10	Oct. 3	Year ago (approx)
Ind. div. yield %	5.63	5.66	5.66	6.11

STANDARD AND POORS

	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 17	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	147.82	147.88	150.50	150.55	151.66	150.00	152.64 (15/10)	111.09 (27/7)	152.64 (15/10/80)	3.52 (30/6/32)
†Composite	129.65	128.65	131.82	137.84	132.87	131.52	133.70 (15/10)	98.22 (18.2)	135.70 (15/10/80)	4.40 (1/6/32)

	Oct. 23	Oct. 15	Oct. 8	Year ago (approx)
Ind. div. yield %	4.44	4.37	4.42	5.46
Ind. P/E Ratio	9.15	9.29	9.12	7.46
Long Gov. Bond Yield	11.60	11.41	11.48	10.50

N.Y.S.E. ALL COMMON

Oct. 24	Oct. 23	Oct. 22	Oct. 21	1980 High	1980 Low
74.90	74.69	76.06	75.98	77.24 (15/10)	55.30 (22/3)

Rises and Falls	Oct. 24	Oct. 23	Oct. 22
Issues Traded	1,531	1,921	1,906
Rises	723	378	725
Falls	763	1,184	748
Unchanged	45	359	433
New Highs	—	57	60
New Lows	—	15	9

MONTREAL

	Oct. 24	Oct. 23	Oct. 22	Oct. 21	1980 High	1980 Low
Industrial	395.14	396.25	406.48	407.05	425.80 (29/2)	323.21 (27/3)
Combined	369.36	370.10	377.33	377.92	378.86 (20/10)	296.88 (27/3)
TORONTO Composite	2319.2	2,323.1	2357.0	2364.4	2366.5 (20/10)	1702.5 (27/3)

	Oct. 27	Oct. 24	Oct. 23	Oct. 22	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/38)	1005.96	1009.07	1011.06	1008.52	1025.29 (20/10)	760.00 (2/1)
Metal & Minrls. (1936/39)	6785.62	6868.79	6928.00	6361.00	7023.52 (20/10)	4561.26 (29/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.30	67.19	67.42	67.44	69.40 (7/1)	65.39 (15/8)
BELGIUM						
Belgian SE (31/12/63)	89.84	89.81	89.16	87.74	105.75 (11.2)	65.95 (21/10)
DENMARK						
Copenhagen SE (1/1/73)	96.72	96.16	96.58	95.66	96.72 (27/10)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	(u)	115.80	(u)	(c)	117.8 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	117.5	117.20	(u)	(c)	119.4 (15/9)	95.6 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	227.41	227.54	228.65	232.06	238.89 (25/2)	212.76 (29/8)
Commerzbank (Dec. 1953)	709.5	708.38	711.4	722.5	749.2 (25/2)	667.0 (27/5)
HOLLAND						
ANP-CBS General (1970)	86.3	86.5	87.8	87.5	88.3 (25.7)	74.0 (27/6)
ANP-CBS Indust. (1970)	64.7	64.9	65.0	64.9	68.2 (11.1)	59.2 (28/3)
HONG KONG						
Hang Seng Bank (31.7/64)	1479.36	1462.11	1434.52	1451.82	1479.36 (27.10)	752.3 (12.3)
ITALY						
Banca Comm. Ital (1972)	172.64	173.39	169.64	167.55	173.39 (24.10)	65.11 (2/1)
JAPAN						
Dow Average (16/5/49)	7089.19	7117.07	7130.89	7145.86	7175.35 (20.10)	6475.55 (27/3)
Tokyo New SE (4/1/68)	431.86	433.57	494.51	495.12	497.96 (20/10)	449.01 (10/5)
NORWAY						
Oslo SE (1/1/72)	124.14	125.66	126.82	125.43	144.70 (14/2)	110.72 (28/5)
SINGAPORE						
Straits Times (1966)	664.92	665.42	671.52	670.24	671.52 (28/10)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	929.6	903.0	929.0	1035.1 (22/9)	649.5 (2/7)
Industrial (1958)	(u)	657.4	655.1	652.2	656.1 (23/10)	456.0 (2/1)
SPAIN						
Madrid SE (29/12/79)	(c)	109.64	110.15	110.25	111.17 (16/9)	95.76 (13/5)
SWEDEN						
Jacobson & P. (1/1/58)	373.89	373.98	374.40	367.72	386.93 (8.2)	334.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	303.0	301.9	304.5	306.9	317.9 (11/2)	276.0 (25/3)
WORLD						
Capital Intl. (1/1/70)	—	156.2	159.3	160.0	161.0 (15/10)	129.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Sony	1,143,700	14¼	−⅛	IBM	464,000	66½	+½
Boeing	591,600	34⅜	+⅜	Phillips Petrlm.	408,500	53	+1⅛
Rich-Merrell	572,600	30⅞	+1⅜	Burroughs	300,000	53⅛	+1
Texaco	495,900	39⅞	+⅜	Lucky Stores	364,400	15	+⅛
Weyerhauser	470,700	34¼	−⅛	Searle G. D.	363,300	20	−⅛

APPOINTMENTS

General manager at Midland Bank

Mr. David Hanson

Mr. David Hanson has been appointed a general manager of MIDLAND BANK with responsibilities within Midland Bank International from November 1. He was previously a regional director at Midland Bank International.

★

Mr. A. E. C. Cook has joined the board of DENBY TABLEWARE as production director.

★

Mr. F. C. Middlemiss retires as an active marine underwriter of LAMBERT BROTHERS (UNDERWRITING AGENCIES) and of BAIN DAWES (UNDERWRITING AGENCIES) on October 31 and will be succeeded by Mr. A. F. Ehrhart.

★

Mr. Graham Jones has been appointed a director of SOCOMEX.

★

Mr. Mick Mason, commercial manager of WESTMINSTER GRAVELS, has been appointed a director. The company is a subsidiary of Royal Boskalis Westminster NV.

★

Following the death of Mr. G. R. H. Reid, Mr. J. H. Greene has been appointed a director of HIGHGATE AND JOB GROUP.

★

Mr. John M. Morgan has been appointed director of marketing of PORVAIR.

★

Dr. Ian D. Maycock has been made managing director of HUNT OIL (UK), the London subsidiary of the Hunt Oil Company of Dallas.

★

Mr. G. E. Hall, who retired from the Bank of England as adviser for overseas affairs and is now adviser to the the board of Orion Bank, has been appointed a director of BRADBURY WILKINSON AND CO.

★

Mr. John White, deputy chairman and managing director of BUTLER TILL and Mr. John Kavanaugh, chairman and managing director of Robt. Bradford Hobbs Savill, have been appointed to the Board of SIME DARBY LONDON. Butler Till, the sterling money-brokers, and Robt. Bradford Hobbs Savill, the insurance-broking company, are both subsidiaries of Sime Darby London.

★

Mr. John S. Mundy has been taken into partnership with GARDINER MORGAN INTERNATIONAL, the executive search consultants. Mr. Mundy was previously a personnel executive with Plessey and with Unilever.

★

Mr. Maurice Ramsay will be appointed on November 1 a regional director of the Eastern Counties regional board of LLOYDS BANK.

★

The board of the recently-formed Baker Perkins Holdings subsidiary, ROSE FORGROVE INC., based in Elmhurst, Illinois, will be Mr. W. A. B. Brown, chairman; Mr. J. S. H. Rodman, president; Mr. D. J. Gregg, general manager; and Mr. R. W. Tatman, treasurer. Mr. Brown is also chairman and managing director of Rose Forgrove Ltd. of Leeds in the UK and Mr. Rodman is the company's marketing director. Both will continue to be responsible for these respective functions and will be based in the UK.

★

Mr. Sandy Corstorphine has become UK sales director of HILL THOMSON AND CO.

Mr. A. G. Williamson has been appointed sales director from November 1 of SIMON-ROSEDOWNS, the Hull-based specialists in vegetable oil extraction and processing plant and equipment. Simon-Rosedowns is part of the Simon Food Engineering Group.

★

GEORGE A. PALMER has made the following appointments: Mr. Mervyn Keene joins the Board as finance director and Mr. Bernard Hunt as fertiliser marketing director, while Mr. John Wakelam becomes general manager of the feed division.

Mr. Dick Marshall has joined TI/RALEIGH as personnel director, while Mr. Richard Beardon has joined TI Raleigh as supply director from TI domestic appliance division.

★

Mr. Ken Smith has been made a director of T. K. SMALL AND SLAUGHTER.

★

Mr. John Webb has retired as financial controller of BAKER ELECTRONICS and resigned as director and of Manufacturing Processes. He also resigned as company secretary of the group, i.e., Baker Electronics, Manufacuring Processes and Microdata Computers.

Mr. D. R. James has been appointed company secretary of the group and financial controller and chief accountant of the group. Mr. P. G. D. Wolf has been appointed a director of Baker Electronics.

★

Mr. Peter Moores, who recently stepped down from the chairmanship of the Littlewoods Organisation, has joined the Board of MATTHEW BROWN AND COMPANY as a non-executive director.

★

Mr. Brian Spong, a director of HOME CHARM, will be emigrating to Canada early in 1981. He will be resigning as a director of the company from December 31, but until that time will continue to take an active part in the running of the company's affairs.

★

LOVELL CONSTRUCTION SERVICES has been reformed as the technical services organisation serving all operating companies within the group. The Board is: Mr. N. E. Wakefield, chairman; Mr. E. G. Vassar, managing director; Mr. K. Hunter, director/chief engineer; Mr. R. W. Kinsey, director; and Mr. D. Gardner, director.

★

Group Captain T. G. (Hamish) Mahaddie has become defence adviser to BASE TEN SYSTEMS, Farnborough. He will represent Base Ten's interests in negotiations with the Ministry of Defence for the supply of avionics systems for flight testing, stores management and weapons control.

★

Mr. B. G. Adams, Mr. R. A. Field and Mr. K. R. Rayment have been appointed directors of A. L. STURGE (MANAGEMENT). Mr. J. Prestage, Mr. M. J. Rudd, Mr. R. J. Spicer, Mr. S. C. Wilmot-Smith and Mr. C. C. Wood have been appointed directors of A. L. STURGE (SYNDICATES MANAGEMENT).

★

Mr. Alan Boardman, formerly chairman of ADAMS FOODS, Leek, Staffs, the UK marketing arm of the Irish Dairy Board, has been appointed the company's chief executive from November 1. This follows the resignation as managing director by Mr. William P. O'Grady who leaves the company to pursue personal business interests in Ireland. Mr. Boardman will combine some of his former tasks as chairman with those of managing director.

The managing director of the Irish Dairy Board, Mr. Brian Joyce, has been appointed chairman of Adams Foods from November 1. Mr. Peter Dolan, financial director of the Irish Dairy Board, has been appointed a non-executive director of Adams Foods. Both Mr. Joyce and Mr. Dolan will continue to be located at the board's headquarters in Dublin.

★

STANDARD LIFE ASSURANCE COMPANY, Edinburgh, has appointed Mr. A. W. Botterill as assistant portfolio manager, and Mr. K. J. Barclay as assistant pensions actuary, south region, from May 15, 1981.

★

Mr. J. R. Crickmay has been appointed property adviser to THE LOCAL AUTHORITIES' PROPERTY FUND from November 1. He succeeds Sir Dennis Pilcher, on his retirement.

COMMODITIES AND AGRICULTURE

Gloom for raw materials

BONN — The current slump in world market prices for non-oil industrial raw materials will continue until late 1981, the five leading West German economic institutes said in their joint autumn report.

In the next few months these raw materials will remain at current price levels because the unfavourable economic outlook rules out increased demand from processors, it said.

Raw materials consumption will grow only late next year when the expected recovery in the Western industrial world begins, the report said.

The institutes' forecast that processors will be prepared to increase their raw materials stocks when they see the prospect of increased sales, while greater demand should stimulate speculative purchases.

Raw material supplies will increase if producers expect a lasting increase in demand, the report said.

Reuter

Provisional start for Rubber Agreement

GENEVA—The International Agreement on Natural Rubber has come into force provisionally after the U.S. said it will apply the terms of the accord.

The move clears the way for the first meeting, to be held in Geneva on November 17-21, of the council that is to supervise the agreement. The Council is expected to choose between Kuala Lumpur and London for the headquarters of the International Natural Rubber Organisation.

Countries accounting for 72 per cent of net world imports have either accepted the Rubber Agreement or, as in the U.S. case, agreed to apply it on a provisional basis. Countries accounting for 73 per cent of world exports also have agreed to the accord.

Definitive entry into force requires full ratification by countries accounting for 80 per cent of exports and imports.

The Rubber Agreement calls for a buffer stock of 400,000 tons and a contingency stock of 150,000 tons to be used to hold rubber's price 20 per cent above or below the equivalent of 46c a pound. The New York price is currently 83c a pound.

Copper prices hit by further strike settlement

BY JOHN EDWARD, COMMODITIES EDITOR

ANOTHER LEADING U.S. copper producer, Newmont Mining, has reached a tentative agreement to end the strike that began on July 1, a union spokesman said yesterday. This follows a settlement by Inspiration Consolidated Copper on Friday. It means that only three major producers, Amax, Anaconda and Asarco, are still on strike. The new agreements will put increased pressure on them to settle.

News of the Newmont deal brought a sharp setback in copper prices on the London Metal Exchange yesterday. Three months wirebars after moving up to £893 at one stage fell back to close at £881.75 a tonne, £6 down on Friday's close, and slipped to £876 in later dealings. Cash wirebars closed £3.5 down at £854.

The earlier steadiness in the market reflected concern about hte troubled political situation in Zambia and the cutback in Peruvian shipments as a result of a strike at the Ili refinery there. As expected copper stocks held in LME warehouses fell by 1,000 tonnes to a total of 124,500 tonnes.

An unexpected rise in tin stocks, up by 590 to 4,110 tonnes, brought renewed pressure on the market. Cash tin closed £60 dtwon af W.— closed £60 down at £6,755 a tonne—the lowest level for nearly 14 months. Nickel prices also fell heavily following the report from Falconbridge of poor demand and reduced sales, mirroring a similar statement by International Nickel last week. Cash nickel dropped by £77.5 to £2,665 a tonne. This is a fall of £142.5 in the past nine days.

Aluminium prices also lost ground following the news that an official mediator had been appointed to investigate the dispute over terms of a new labour contract for workers at Alcan's giant Kitimat smelter in British Columbia. This means that no strike action can be taken at the 268,000 tonne smelter until the mediator reports in about 10 to 20 days, and meanwhile there were rumours yesterday that the two sides may have ironed out their differences.

LME warehouse stocks of aluminium fell by 1,175 to 42,125 tonnes, in line with market expectations. Zinc stocks jumped by 1,700 to 66,525 tonnes but the market held firm encouraged by further rises in North American prices. Lead also was steady in spite of an increase in stocks of 950 tonnes to 79,950 tonnes. LME silver holdings rose by 60,000 to 27,260,000 ounces.

In Geneva, manganese exporting and importing countries met at the UN European office yesterday for the first time in more than three years to debate possible measures to regulate world trade, reports Reuter.

Manganese ore is chiefly used in the manufacture of ferro-alloys, and $30m worth was traded in 1978, the UN Conference on Trade and Development (Unctad) said.

No progress on Common Fund

BY BRIJ KHINDARIA IN GENEVA

TALKS to prepare rules governing a new $750m fund to finance the stocking operations of international commodity agreements ended inconclusively here at the weekend.

A 28-member commission charged with starting work on the details of how the fund should function failed even to adopt its own rules of procedure and programme of work. The one-week talks were bogged down in discussion about whether the commission's membership should be thrown open to all countries interested in joining the fund.

The commission finally decided that the secretariat of the United National Conference on Trade and Development (UNCTAD) should call a vote through the post of all governments to decide whether the commission's size should be expanded. The vote should be completed by January 1, 1981, and a new committee will meet on February 9 to 13.

The fund was created under an agreement concluded in Geneva earlier this year. It is hoped it will come into force by the end of March 1982.

The agreement limits the commission's membership to 28 but industrialised countries failed to decide which 10 nations should represent them. Smaller countries such as the Scandinavians and Benelux feared that their interests would be neglected. African countries too wanted to have 12 seats instead of the five allotted to them.

The new commission's main tasks are to work out the fund's relationship to individual commodity agreements which must deposit a part of their money with the fund.

Cocoa pact talks start

THE MAIN cocoa producing and consumin gcountries opened two weeks of talks in Geneva yesterday to pave the way for a new international cocoa agreement replacing one that expired on March 31 this year, write Brij Khindaria.

Opening the negotiations, Mr. Alister McIntyre, chief of the U.N. Conference on Trade and Developments (UNCTAD) commodity division, said failure to reach a new agrement could "irreparably damage the whole concept of producer-consumer co-operation perhaps for a long time."

Producers, traders and manufacturers would seek "other ways of meeting their problems however difficult and uncertain those other avenues might seem to be at present," he warned.

Delegates said the main differences among producers and consumers concern the price levels which would be maintained through a new accord.

Positions have not changed since the previous accord was allowed to expire at a meeting of the International Cocoa Council in London at the end of last March. Producers then wanted a price of 120 cents a pound compared with the consumers offer of 100 cents per pound.

Cocoa prices have fallen significantly from last year's levels increasing the need for market stabilisation.

UK fears for fish talks

By Richard Mooney

THE NEW round of EEC fishing talks which begins in Luxembourg today is being viewed with some nervousness by British fishermen.

A British Fishing Federation official said yesterday the industry recognised the good intentions of the British negotiating team, led by Mr. Peter Walker, the Agriculture and Fisheries Minister: "but they don't have the cards to play," he stated.

"What is lacking is a firm Government commitment to fight for the interests of British fishermen."

UK fishermen fear the British negotiators will be forced to accept arrangements covering the enforcement of EEC fisheries regulations which will rely too heavily on the honesty of Continental skippers and the good faith of their governments. "This is a matter of great concern to us," the BFF official said.

No specific decisions on catch quotas are likely to be taken today but British Ministers are expected to press for a radical rethink of the basic formulas for sharing out available catches. This question, known in Whitehall as the "methodology" of the fisheries regime, covers such matters as the assessment of the relative value of various species and compensation for lost fishing opportunities in third country waters.

The British contingent is also likely to insist that industrial (animal feed) fishing countries like Denmark should not have their excess catching of human consumption species included in the formulas used for apportioning future human consumption quotas.

New cases of pig disease

By Our Commodities Staff

THE MINISTRY of Agriculture yesterday confirmed three new outbreaks of swine vesicular disease, all of them in North Humberside.

The outbreaks, the first for 12 weeks, took this year's total to 44, exceeding the 43 outbreaks recorded in the whole of last year.

The pigs involved have been slaughtered.

WHEAT EMBARGO

Australia attacks U.S. 'breach of faith'

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA is to protest to the U.S. over what it sees as a breach of faith over the grain embargo on the Soviet Union.

Prime Minister Malcolm Fraser is expected to write to President Carter this week expressing Australian concern over the long-term agreement the U.S. signed last week to supply grain to China.

The contract, the first between the two countries is for the supply of beween 6m and 9m tonnes of grain, 80 per cent of it wheat, over the next four years.

Sir Leslie Price, chairman of the Australian Wheat Board, said yesterday that the U.S. had given other grain exporting nations assurances in January this year that it would not sell wheat surpluses arising from the Soviet grain embargo on established markets of other what traders.

It was because of these assurances that countries like Australia and Canada agreed to the U.S. request to limit sales to the Soviet Union.

Sir Leslie said he felt Australia was owed an explanation about the U.S.-China deal.

China has been for 20 years a traditional market for Australia and Canada. In the past three years China has imported around 8m tonnes of wheat a year. Canada and Australia supplying around 2.5m to 3m tonnes each.

The Australian wheat industry, which never favoured the Soviet grain embargo, has reacted angrily to the announcement of the China deal.

Mr. Ian Wearing, executive officer of the Australian Wheatgrowers Federation, said the deal could potentially cut Australia out of a large share of the Chinese market.

"We regard this as breaking the spirit of the agreement that was made earlier this year by the U.S. to other grain exporting nations," he said.

A meeting of Australian grain marketing organisations has been called on November 7 to discuss the deal before the meeting of grain exporting nations to be held in Adelaide on November 10.

Mr. Wearing said that unless the U.S. can adequately explain the apparent breach of faith, wheat growers would be recommending to the Australian Government that Australia withdrew from the Soviet embargo.

An Australian Wheat Board team is now in China negotiating tonnages for the final year of Australia's three-year wheat contract.

With the expected dramatic drop in this year's Australian wheat crop because of drought, wheatgrowers are extremely anxious to command maximum prices to off-set losses. Indications are that the Soviet Union would be prepared to pay top prices for grain. Australia has limited this year's sales to last year's record 3.9m tonnes.

The Ministry for Primary Industry, said yesterday the China deal would be taken into account when the government reviewed the Soviet embargo before the November 10 world meeting.

Meanwhile the Australian Wheat Board announced yesterday a sale of 1m tonnes of wheat to Egypt. The sale completes Australia's three-year agreement with Egypt which has been Australia's third largest market after the Soviet Union and China.

● Meanwhile the U.S. National Grange Farm Organisation said it welcomed the U.S. grain sales agreement with China as a "positive influence on world grain markets."

It noted that China's purchases of U.S grain in the past have been sporadic, but that China has the potential to be an important buyer in the future, reports Reuter.

Carter pledges to maintain ban

WASHINGTON — President Carter has reaffirmed that the U.S. would maintain the grain trade restrictions against the Soviet Union as long as that country continues fighting in Afghanistan.

In a farm policy speech near Toledo, Ohio, over the weekend, Mr. Carter said, "those restrictions have hurt the Soviets, and they are going to continue to hurt so long as they are fighting and killing the people of Afghanistan.

"And so long as Soviet aggression continues and the the security threat exists, we will stand firm. We will continue to find more permanent and dependable customers for farm exports," he said.

Mr. Carter said Soviet consumers were eating less meat than the levels five years ago, and that there was less meat available in the USSR than in any nation in Europe.

He said the USSR faced a grain shortage of up to 60m tonnes this year and the USSR would not be able to make up the shortage due to the U.S. embargo.

When President Carter applied the ban last January he pledged to adopt measures that would offset the adverse impact on farmers. The net budget cost of these measures was less than $600m, he said.

But in Moscow, a senior Soviet press commentator has denied the Soviet Union is feeling the effects of the U.S. embargo.

Mr. Kury Kornilov said a recent statement by Bob Bergland, U.S. Agriculture Secretary, that the Soviet Union was suffering the effects of the embargo was completely inaccurate.

● Offers of British grain into intervention last week amounted to 37,182 tonnes of barley, 62,275 tonnes of breadmaking wheat and 5,802 tonnes of feed wheat, more than in any previous week since the season's offers began late July, the Home Grown Cereals Authority says in its weekly digest.

Total grain offers received up to noon October 24 were 760,000 tonnes after withdrawals, including 470,000 of barley, 270,000 of breadmaking wheat, 6,571 of rapeseed, 9,502 of feed wheat and 300 tonnes of rye.

Breadmaking wheat offers may be made up to end-October, the cereals authority noted.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Lower on balance on the London Metal Exchange. After opening at £883 and moving ahead to £893 by the early afternoon, reflecting the stocks decline and fresh buying, forward metal came under heavy selling pressure and fell back to close the Kerb at £876.5, following news that copper workers have reached agreement with Magma. Turnover: 29,450 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £863, 62.5, three months £887, 88, 89, 89.5, 90, 91, 92, 91.5. Cathodes, cash £832, three months £862. Kerb: Wirebars, three months £891, 90. Afternoon: Wirebars, three months £890, 91, 90.5, 89, 88, 87.5, 87, 86, 85, 84, 83, 82. Three months £852. Kerb: Wirebars, three months £881, 80, 79, 78.5, 79, 78.5, 78, 77, 76, 77, 76.5, 76.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	861-2	+9.5	853-5	—3.5
3 months	891-.5	+8.5	881.5-2	—6
Settlem't	862	+9.5	—	
Cathodes				
Cash	832-3	+8.5	822-3	—6
3 months	861.5-2.5	+7.75	852-3	—5.75
Settlem't	833	+8	—	......
U.S. Prod		......	*93.5-102	......

TIN—Easier following the rise in stocks and the late fall in copper. Forward metal opened at £6,880 and eased to around £6,845 during the morning in quiet trading. However, the weakness of copper in late trading affected other metals and forward tin drifted back to end the late Kerb at £6,820. Turnover: 835 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6790-800	—42.5	6750-60	—60
3 months	6840-5	—28	6820-5	—45
Settlem't	6800	—40	—	......
Standard				
Cash	6790-800	—42.5	6750-60	—60
3 months	6840-5	—28	6820-5	—45
Settlem't	6800	—40	—	......
Straits. E.	$2100	+15	—	......
New York	—	......		

Morning: Standard, cash £6,800, three months £6,840, 50, 45. Kerb: Standard, three months £6,840. Afternoon: Standard, three months £6,840, 20. Kerb: Standard, three months £6,825, 20.

LEAD—Marginally easier reflecting initial hedge selling, which saw three months fall from £374 to £372 in the morning, and the reaction in copper, which depressed forward lead to £367.5 by the late Kerb. Turnover: 9,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-.5	+.75	354.5-5	—.25
3 months	371-.5	+.5	369.5-70	—.75
S'ment	356.5	+.5	—	......
U.S. Spot	—	......	*42.45	......

Morning: Cash £357, three months £375, 74.5, 73, 72. Kerb: Three months £372, 71. Afternoon: Three months £371, 70.5, 70. Kerb: Three months £369, 68, 67, 68, 69, 68.5, 68.

[Remaining price reports in this section (ZINC, ALUMINIUM, NICKEL, SILVER, COCOA, COFFEE, GRAINS, WOOL FUTURES, RUBBER, SOYABEAN MEAL, SUGAR, COTTON, PRICE CHANGES, INDICES, JUTE, TEA AUCTION, POTATOES, MEAT/VEGETABLES) illegible at this scan resolution.]

EUROPEAN MARKETS

ROTTERDAM, October 27.

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent, Nov. $229.50, Dec. $231, Jan. $240, Feb. $242, March $245. U.S. No. Two Red Winter: Oct. $228, Nov. $226, Dec. $230. U.S. No. Two Northern Spring 14 per cent: Oct. $225, Nov. $227, Dec. $230, Jan. $246, Feb. $252, March $256, April/May $241.50.

... $395.25, July $396.25, August $395, Sept. $390, Oct. $342, Nov. $341.50, Dec. $347, sellers. Rest unquoted.

Soyameal—44 per cent protein, U.S. afloat $328, Oct. $336, Nov. $337, traded/sellers. Dec. $342 traded/sellers. Nov./March $347, sellers. Brazil Pellets: Oct. $345, Nov. $348, Dec. $353, Nov./March $353.50, sellers.

REUTERS

Oct. 27	Oct. 24	M'nth ago	Year ago
1751.2	1748.6	1746.1	1659.9

(Base: September 18, 1931=100)

... 1.50. Sprouts—Per lb 0.06-0.08. Corn Cobs—Each 0.06-0.08. Parsnips—Per 28 pound 0.90-1.20. Parsnips—Per 28 pound 1.80-2.00. Onions—Per bag 2.50-2.80, Picklers 2.80. Celery—Per pack 20/30 3.00, naked 12/14 1.20-1.80. Capsicums—Per lb 0.18. Swedes—Per 28 pound Devon 0.80. Cob Nuts—Per pound 0.35.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£6.40; codlings £3.50-£5.00; Haddock, large, £3.80-£4.40; medium £2.40-£3.40; small £1.20-£2.40; Plaice, medium, £5.00-£6.00; best small £3.00-£4.30, Skinned Dogfish, large, £9.50-£10.50; medium £4.00-£5.00; Lemon soles, large, £10.00; medium £8.00; Rockfish £4.10; Saithe £3.00-£4.00.

Portuguese fish agreement close

PORTUGAL AND the U.S. are putting the final touches to a Governing International Fisheries Agreement (GIFA) that will permit Portuguese craft to fish in U.S. waters. At the same time, commercial agreements are being negotiated that will put substantial quantities of American fish on the Portuguese markets.

Portugal now imports about $80m of fish a year. Fish protein, rather than meat, is traditionally a key item of the Portuguese diet. In recent years, the national fleet has run down and is in need of re-equipping. During the past 20 years Portuguese national waters were badly depleted by Spanish drag-net fishermen.

The Portuguese, hope to avail themselves of surplus U.S. allocations created when the Carter Administration suspended the fishing rights of the Soviet Union in U.S. waters as part of its response to Soviet action in Afghanistan.

Normally, the U.S. authorities only conceded GIFAs to countries with so-called "historical fishing rights," a status Portugal has not enjoyed with the U.S. for the last hundred years.

COMPANY NOTICE

Notice to the Holders of

MARUI CO., LTD.

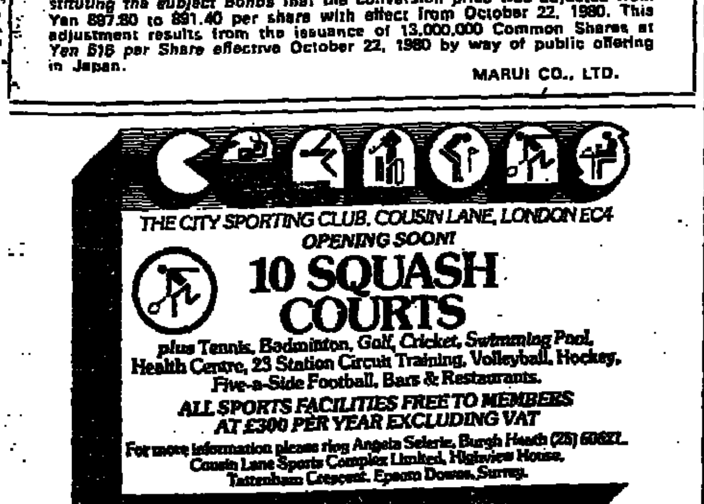
(Kabushiki Kaisha Marui)

US$30,000,000

6½% Convertible Bonds 1991

NOTICE IS HEREBY GIVEN in accordance with the Trust Deed constituting the subject Bonds that the conversion price was adjusted from Yen 897.80 to 891.40 per share with effect from October 22, 1980. This adjustment results from the issuance of 13,000,000 Common Shares at Yen 816 per Share effective October 22, 1980 by way of public offering in Japan.

MARUI CO., LTD.



Early rise in sterling gives fresh impetus to Gilts
Equity leaders follow but finish well below best

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 27	Nov. 6	Nov. 7	Nov. 17
Nov. 10	Nov. 20	Nov. 21	Dec. 1

* "New time" dealings may take place from 9 am two business days earlier.

Continued strength in sterling in yesterday's early dealings kept speculation alive about the possibility of an early reduction in domestic interest rates and prompted a firm start to the new trading Account in stock markets.

Gilt-edged securities made fresh headway. Early demand, mainly from overseas, took mediums and longs up by ¾, but lack of sustained support saw quotations drift back to close about ¼ below the day's best. Short-dated stocks fluctuated within narrow limits before closing around ⅛ higher on the day.

Expectations that today's Confederation of British Industry's survey on UK industry will be extremely gloomy failed to dampen early enthusiasm for leading industrials. But initial interest here, too, waned and most of the leaders drifted back. The tone at the close was mixed with prices generally within a couple of pence of last Friday's closing levels. Up 2 points at the 11.00 am calculation, the FT 30-share index ended only 0.6 higher on balance at 496.1, but the broader-based 750 All-share index reached a fresh high since compilation with a gain of 0.7 per cent to 307.18.

Selective support was evident for second-line equities with week-end Press mention meeting a ready response, and bid speculation also prompted some useful improvements. Of the sectors, Banks recorded some good gains, while Hire Purchase issues made headway, the latter still on hopes of lower interest rates. The strength of sterling continued to draw attention to leisure shares on hopes of more demand for overseas holidays, with Horizon Travel again prominent helped by the company's scrip issue and its improved concessionary holiday scheme for shareholders.

South African Gold Mines made progress helped by the strength in the Financial Rand and by the steadier bullion price; following its 9-day drop of 82.1, the Gold Mines index yesterday recovered 30.5 to 488.3.

Imperial attracted a good business in Traded options, contributing 240 deals to a total of 1,322 which compares with last week's daily average of 1,937.

In a very firm banking sector, Grindlays stood out with a rise of 15 to 170p, after 173p, following a weekend Press suggestion that the group might receive a bid from the Royal Bank of Scotland; the latter, a particularly firm market of late on talk of a bid from Lloyds Bank, moved up 3 to 114p, after 115p. Up 25 on Friday after comment on the bank's far-eastern activities, Standard Chartered improved 10 more to 663p, while Hambros jumped 36 to 662p on investment demand. Hopes of cheaper money soon continued to help Hire Purchases as Wagon Finance advanced 5 to 47p and Provident Financial rose 3 to 150p. UDT improved 2 to 43p helped by Press comment. The major clearers responded to renewed investment support and closed with improvements ranging to 8. Midland put on that much to 350p and Lloyds rose 6 to 346p.

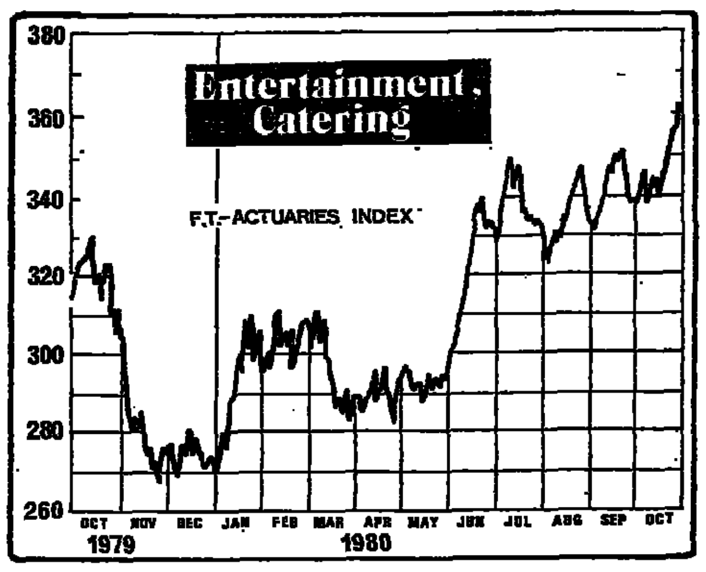
Insurances started the new Account on a firm note. Composites were particularly favoured with GRE outstanding at 362p, up 12. Sun Alliance rose 10 to 794p and General Accident 8 to 364p.

Demand was evident for selected secondary Building issues. Bryant Holdings, still responding to good preliminary results, added 5½ to 93p xd, while William Whittingham put on 4 to a high for the year of 122p. John Finlan firmed 6½ to 95p xd in response to favourable Press comment, while Pochins rose 10 to 205p on better-than-expected preliminary results. Fresh demand lifted Benlox 4 to a 1980 peak of 50p. Mallinson-Denny shed a penny to 67½p ahead of tomorrow's half-yearly results. The leaders closed narrowly mixed. Taylor Woodrow hardened 4 to 452p and Wimpey 2 to 92p xd, but Redland lacked support and shed 5 to 165p, while Blue Circle and Ready Mixed Concrete eased a couple of pence apiece to 330p and 183p respectively.

A reasonable business developed in ICI which firmed 4 more to 340p. Vague bid rumours and recovery hopes accompanied demand for Fisons, 10 better at 210p. Among other Chemicals, fresh speculative interest lifted Anchor 4 to 61p and Arrow 3 to 40p.

H. Goldman jump

Stores remained firm. Debenhams added 3 to 86p, while GUS "A" picked up 6 to 474p, but Raybeck, a good market recently, eased a couple of pence to 71p. Secondary counters, rather neglected of late, attracted useful support with Polly Peck, 9 better at 146p, after 148p, and Lee Cooper, 10 up at 152p, well to the fore. Speculative attention was also directed towards H. Goldman which jumped 10 to 35p; the interim figures are expected on Friday. Jewellers and electrical retailers made useful progress on hopes of a good Christmas trade. J. Walker N/V rose 4 to 84p, as did Ernest Jones, to 112p, while Comet Radiovision, 102p, and Dixons Photographic, 135p, added 5 and 6 respectively. Buyers also came for Home Charm, 5 dearer at 110p, and Bakers Stores, 2 up at 79p, but second thoughts over the interim statement clipped 3 from Lowland Drapery, 16p.



Secondary issues provided the main points in Electricals. Still reflecting Friday's announcement of the closure fo a loss-making subsidiary, Electrocomponents jumped to 790p in a thin market before closing a net 25 higher at 780p. Farnell revived and ended a similar amount dearer at 395p, while Wholesale Fittings rose 22 to 272p. Improvements of 10 and 7 respectively were seen in Unitech, 361p, and Automated Security, 330p, while Cray Electronic rose 6 to 80p and AB Electronic put on 8 to 192p. First Castle Securities softened a penny to 67p, after 64p, in reaction to adverse comment. Sony fell 40 to 575p. The leaders traded quietly but stayed firm. Plessey touched 270p before closing unaltered at 266p xd following news of the 4-year £150m defence communications system contract.

Peter Brotherhood highlighted Engineerings, rising 14 to 140p in response to an investment recommendation. Elsewhere, Mining Supplies found support at 130p, up 7, while Ash and Lacy added 6 to 195p and Ductile Steels 5 to 74p. Yarrow added 10 to 255p and Haden Carrier continued firmly at 170p, up 4. The leaders closed narrowly mixed. GKN drifted down 3 to 174p and Tubes softened 2 to 220p, but Vickers ended the turn harder at 142p.

Selected Supermarket issues became prominent in the Food sector. Renewed buying lifted Bejam 9 to 111p and J. Sainsbury 10 to 560p, while Associated Dairies and Nurdin and Peacock added 6 apiece to 238p and 180p respectively. Elsewhere, Argyll revived with a gain of 5 at 73p, while Alpine Soft Drinks put on 4 to 98p and Bluebird Confectionery 3 to 54p.

Against the trend in Hotels and Caterers, recently firm Ladbroke eased 4 to 245p. Grand Metropolitan and Trusthouse Forte both added 3 to 164p and 190p respectively while Savoy "A" stood out with a rise of 7 to 133p.

Reed Int. good

Buying in front of today's first half figures prompted a rise of 7 to 192p in Reed International. Rank Organisation rose 8 to 186p but other miscellaneous industrial leaders began the new Account in subdued mood. Elsewhere, Giltspur rose 8 to 112p, after 114p, on a week-end Press suggestion of a counter-bid to the rejected Transport Development £22m offer. Reflecting Tebbitt Group's recent purchase of a 10 per cent stake in the company, Renwick, currently in receipt of a bid from AAH, improved 2 to 70p, while Evode Holdings rose 4 to 53p in response to Press comment. De La Rue rose 20 to 900p on hopes that the group will announce share-slimming proposals with the interim results on November 11, while Sketchley gained 4 to 240p ahead of next Tuesday's mid-term figures. Powell Duffryn found support at 258p, up 13p, while investment support prompted a gain of 6 to 390p in BTR. Improvements of 8 and 10 respectively were seen in Ricardo, 480p, and Sothebys, 527p.

Demand for Leisure shares became more selective, but Horizon Travel rose 10 afresh to 358p on the proposed two-for-one scrip issue and improved concessions to shareholders. Buying ahead of the interim results due November 18 left Associated Leisure 6 dearer at 144p.

Among Motor Components, Dowty firmed 3 more to 251p, while Lucas continued to recover from recent dullness and touched 187p before settling for a net rise of only a penny at 183p. Flight Refuelling met profit-taking and shed 4 at 262p.

Publishing issues were featured by BPC, 3 better at 22p on bid hopes fuelled by Press comment.

Secondary issues claimed most attention in Properties. Rush and Tompkins put on 10 to 228p on revived bid rumours, while Estates Property Investment came in for support and added 6 to 165p. Dorrington, interim results today, hardened 2 to 114p, while Amalgamated Estates firmed 1¼ to 22p. Press comment helped Peachey improve 6 to 170p, and Marlborough, interim figures due on Friday, added 2½ to 46½p.

Reports that Kuwait is demanding as much as $5 a barrel extra for additional oil produced during the Middle East conflict prompted fresh demand for secondary oils. Attock put on 20 to 354p, Ultramar 18 to 478p and Tricentrol 6 to 406p. Among onshore explorers, Candecca gained 16 to 298p, after 305p, while Carless Capel added 6 to 206p. Cambridge Petroleum Royalties closed 40 higher at 380p on consideration of the rejected merger with Cambridge Royalty Company. Leading issues closed below the best with British Petroleum finishing a net 2 dearer at 464p, after 466p and Shell 4 off at 456p, after 464p.

Overseas Traders were usually firmer. Harrison and Crosfield, interim results today, advanced 13 to 800p, while a broker's recommendation helped S. and W. Berisford, 3 up at 195p. Still buoyed by the 30 per cent increase in annual profits, Paterson Zochonis rose 10 more to 378p xd.

Trusts opened the Account in firm mood. Anglo-American advanced 15 to 147p, while Alliance Trust rose 8 to 259p. Consideration of the company's oil interests aided Atlantic Assets, 6 better at 265p. In Financials, English Association continued to attract support in a difficult market and closed 30 higher at 545p, while Mercantile House recovered Friday's fall of 7 to close at 380p.

Scattered support was again noted for Shippings. Lyle rose 10 for a two-day gain of 23 at 295p, while Walter Runciman, interim results today, hardened 2 at 119p.

Tern-Consulate fell 4 to 34p following the sharply lower first half earnings and passed interim dividend. Other Textiles trended a shade firmer, where altered. Hopes of a "shell" operation lifted Brigray 1¼ to a 1980 peak of 12p, while Coats Patons, interim results Thursday, added a like amount to 53½p.

MARKETS x

South African industrials reflected the firmer tone in Johannesburg and gains ranged into double figures. Abercom, 155p, and Barlow Rand, 493p added 10 apiece, while South African Breweries ended 7 better at 167p.

Golds sharply higher

South African mining issues made a bright start to the new Account following a much steadier performance by the bullion price and on technical considerations arising out of the firmness of the Financial Rand.

Share prices were marked up at the outset and continued to make good progress throughout the day as good local, Continental and Johannesburg demand was followed by persistent American buying in the after-hours' trade.

The Gold Mines index put on 30.5 to 488.3 — more than recouping the falls sustained on the last two days of the previous Account.

Among the heavyweights, West Driefontein were outstanding and advanced £3½ to £44, while Western Holdings added £2¾ to £46¾, Vaal Reefs £2¾ to 39½ and Randfontein £2½ to £41.

London-registered Financials improved throuhgout the day reflecting the general firmness of metal prices.

Australians were mixed in fairly quiet trading. Of the leaders, CRA dipped 6to 330p, Bougainville 4 to 106p and Western Mining 3 to 303p.

The more speculative stocks provided features in Kitchener Mining, 42 stronger at a year's high of 370p, and Haoma Gold, up 6 at 188p, and North West Mining, 4 better at 168p.

The Rundle twins moved ahead on hopes of increased oil prices. Central Pacific jumped 30 to a peak 445p and Southern Pacific 14 to a year's high of 170p.

Profit-taking left the Nagoorin oil-shale partners Greenvale and Esperance 10 lower apiece at 228p and 203p respectively. Profit-taking also prompted widespread falls in Malaysian tins where Tronoh dropped 30 to 430p and Sungei Besi fell 10 to 260p.

FINANCIAL TIMES STOCK INDICES

	Oct. 27	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	A year ago
Government Secs	71.71	71.55	71.25	71.27	70.83	70.62	66.33
Fixed Interest	72.30	72.48	72.49	72.34	72.34	72.25	69.58
Industrial Ord.	496.1	495.5	492.6	488.7	484.0	477.5	446.8
Gold Mines	488.3	457.8	471.2	484.3	472.0	494.4	187.5
Ord. Div. Yield	7.36	7.37	7.41	7.50	7.60	7.71	7.30
Earnings, Yld. % (full)	16.64	16.66	16.75	16.94	17.17	17.43	18.10
P/E Ratio (net) (*)	7.33	7.32	7.28	7.20	7.10	7.00	6.91
Total Bargains	22,587	25,733	22,234	21,618	20,855	20,729	16,740
Equity turnover £m.	—	166.92	192.31	199.35	136.71	96.20	88.07
Equity bargains total	—	19,844	20,273	17,809	17,515	16,514	12,416

10 am 496.5. 11 am 497.5. Noon 497.1. 1 pm 496.5. 2 pm 496.5. 3 pm 496.1.
Latest Index 01-246 8026.
*Nil =6.83.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.65 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12/9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 27	Oct. 24
—Daily		
Gilt Edged	96.8	98.2
Industrials	110.2	109.7
Speculative	41.4	46.7
Totals	77.8	75.0
5-day Avrge.		
Gilt Edged	108.6	113.8
Industrials	101.9	97.8
Speculative	50.8	52.6
Totals	76.8	75.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (223)

BRITISH FUNDS (19)
LOANS (1)
AMERICANS (2)
BANKS (11)
BUILDINGS (7)
CHEMICALS (2)
DRAPERY & STORES (6)
ELECTRICALS (6)
ENGINEERING (6)
FOODS (3)
HOTELS (1)
INDUSTRIALS (18)
INSURANCE (6)
LEISURE (2)
PAPER (2)
PROPERTY (10)
SHIPPING (1)
SOUTH AFRICANS (1)
TEXTILES (5)
TRUSTS (92)
OIL & GAS (14)
OVERSEAS TRADERS (2)
MINES (6)

NEW LOWS (17)

CANADIANS (1)
Bell Canada
BUILDINGS (3)
Hoveringham
Do. Res. Vtg.
Sheffield Brick
STORES (1)
Lowland Drapery
ELECTRICALS (1)
Eurotherm Int.
ENGINEERING (4)
Edbro
Expanded Metal
Greenbank
Wolseley Hughes
FOODS (2)
Needlers
Tesco
INDUSTRIALS (4)
Assoc. Comms. A
Cole (R. H.)
Wade Potts.
Wilkins & Mitchell
TEXTILES (1)
Foster (John)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	79	6	10
Corpns., Dom. and Foreign Bonds	17	4	43
Industrials	378	135	879
Financial and Prop.	378	135	379
Oils	32	8	20
Plantations	4	4	16
Mines	75	28	59
Others	66	29	80
Totals	906	247	1,311

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Oct. 27, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Oct. 24 Index No.	Thurs., Oct. 23 Index No.	Wed., Oct. 22 Index No.	Tues., Oct. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	293.71	−0.1	15.03	5.65	8.08	293.94	293.59	291.30	286.78	222.28
2	Building Materials (28)	249.72	−0.7	19.05	6.86	6.24	251.60	252.24	252.97	250.74	219.11
3	Contracting, Construction (27)	425.54	—	21.38	5.89	5.52	425.61	427.24	426.95	423.37	351.99
4	Electricals (17)	947.38	—	10.31	2.84	11.93	947.72	945.18	928.60	905.98	559.47
5	Engineering Contractors (11)	362.62	+1.2	17.07	7.13	7.47	358.45	357.29	356.38	354.64	308.34
6	Mechanical Engineering (72)	182.11	+0.2	15.90	7.33	7.67	181.70	180.93	179.78	176.97	149.45
8	Metals and Metal Forming (16)	152.97	−0.4	19.08	10.78	6.54	153.53	153.75	154.01	153.87	152.88
	CONSUMER GOODS										
11	(DURABLE) (48)	248.42	+0.7	12.89	5.07	9.29	246.59	247.13	245.22	242.86	214.90
12	Lt. Electronics, Radio, TV (14)	389.41	+1.0	9.76	3.56	12.46	385.58	387.06	383.68	379.28	385.64
13	Household Goods (13)	88.83	+0.2	25.46	11.07	4.96	88.65	88.35	88.99	88.85	133.92
14	Motors and Distributors (21)	95.99	−0.1	22.50	9.75	5.12	96.10	95.81	95.16	94.77	101.82
	CONSUMER GOODS										
21	(NON DURABLES) (171)	246.35	+0.8	16.63	6.56	7.27	244.48	243.47	241.52	238.22	222.33
22	Breweries (14)	282.61	+1.1	16.03	6.52	7.28	279.52	277.79	280.63	276.21	273.94
23	Wines and Spirits (5)	298.36	+0.3	20.51	6.85	5.77	297.58	296.40	295.21	290.73	315.75
24	Entertainment, Catering (17)	362.41	+1.3	16.05	6.18	7.68	357.64	353.43	346.15	340.81	311.93
25	Food Manufacturing (22)	217.42	+0.3	18.30	7.02	6.46	216.69	217.84	219.43	217.38	203.12
26	Food Retailing (13)	406.91	+1.9	11.69	3.80	10.14	399.39	400.32	394.29	388.86	293.91
32	Newspapers, Publishing (12)	445.49	+0.7	21.42	6.53	6.25	442.19	442.63	444.53	439.18	406.43
33	Packaging and Paper (15)	126.78	+0.7	27.58	10.21	4.23	125.89	123.83	122.55	121.90	121.60
34	Stores (44)	253.83	+0.5	11.93	4.96	10.94	252.55	250.18	244.90	239.71	213.62
35	Textiles (21)	130.51	+1.5	24.01	11.74	5.08	128.55	128.94	128.88	127.73	143.74
36	Tobaccos (3)	222.00	+0.6	25.85	10.49	4.40	220.71	221.80	221.80	220.71	219.94
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Miscellaneous (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	307.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Oct. 27	Day's change %	Fri. Oct. 24	xd adj. today	xd adj. 1980 to date
1	Under 5 years	116.82	+0.08	116.73	—	8.78
2	5-15 years	114.25	+0.22	114.00	—	10.69
3	Over 15 years	120.24	+0.43	119.73	—	11.97
4	Irredeemables	132.21	+0.46	131.56	4.38	13.32
5	All stocks	113.52	+0.16	113.27	0.85	10.39

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon. Oct. 27	Fri. Oct. 24	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Mon., Oct. 27 Index No.	Yield %	Friday Oct. 24	Thurs. Oct. 23	Wed. Oct. 22	Tues. Oct. 21	Mon. Oct. 20	Friday Oct. 17	Thurs. Oct. 16	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.55	13.59	54.46	54.44	54.43	54.44	54.40	54.54	54.02	55.55
16	Investment Trust Prefs. (15)	50.65	13.31	50.99	51.02	51.02	51.05	51.05	51.05	51.31	46.41
17	Coml. and Indl. Prefs. (20)	68.00	13.19	68.00	68.01	68.13	68.09	68.09	68.04	68.06	63.67

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 20p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Premier Cons.	5p	10	113	+ 2	113	36
BP	25p	8	464	+ 2	468	320
LASMO	25p	8	845	—	845	337
Plessey	50p	8	266xd	—	274	108
ICI	£1	7	340	+ 4	402	318
Bejam	10p	6	111	+ 9	112	55
Carless Capel	10p	6	206	+ 6	209	68
GEC	25p	6	572	+ 2	573	326
Marks & Spencer	25p	6	116xd	+ ½	117	77
Rank Org.	25p	6	186	+ 8	228	146
Shell Transport	25p	6	456	− 4	464	314
Ultramar	25p	6	478	+18	478	206
Assoc. Leisure	5p	5	144	+ 6	146	81
Boots	25p	5	249	+ 2	256	158
Bowater	£1	5	188	− 1	190	141

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

Money was given for the call in Lonrho, Town and City Properties, BSG, Dunlop, North Kalgurli, UDT, Endeavour, BHS, Turner and Newall, Charterhouse Petroleum, British Land, Charterhall, ICI, Amalgamated Estates, Raglan Properties, National Carbonising, Ultramar, Concentric, Minster Assets, Wedgwood, Sound Diffusion, Dixons Photographic, LRC and Suter Electric. A put was done in GEC, which doubles were completed in Myson, Charterhall, Marks and Spencer, Tesco and Ocean Transport.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Ldn. Agts.

[illegible]

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF589	629.0	.....	0.50
Lloyds Int. Income	SF289.50	301.00	.....	6.00

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

[illegible]

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Sterling Money Fd.	£10.10	10.11	.....	—

Next subscription day October 29.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	53.8	57.0	+0.2	2.54
Abbey Capital	45.2	48.9	+0.8	5.01
Abbey General	56.1	60.6	+0.5	5.38
Abbey Gilt & F.I. Tst.	115.6	121.7	+0.6	11.24
Abbey Income	33.9	36.7xd	.....	9.63
Abbey W'Wide Bd Tg.	88.5	93.6	+0.1	7.16
Abbey Inv. Tst. Fd.	49.4	53.4	+0.5	4.76
Equitas Prog. Tst.	86.4	93.4	+0.7	4.61

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	94.1	99.0	+0.1	12.26

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	89.9	96.2	+1.1	5.99
Brit. Inds. Fund	80.1	85.7	+0.6	6.23
Growth & Income	50.9	54.5	+0.7	6.10
Elect. & Ind. Dev.	44.5	47.6xd	+0.6	5.25
Allied Capital	95.8	102.5xd	+1.3	4.04
Hambro Fund	137.2	146.8	+1.3	5.89
Hambro Acc. Fund	182.4	195.2xd	+1.7	4.66

Income Funds

High Yield Fd.	65.2	69.8	.....	9.60
High Income	78.1	83.6xd	+0.4	7.59
A. H. Eq. Inc.	46.0	49.2	+0.2	7.43
Govt. Secs.	26.9	27.6	+0.1	11.26

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.6	40.0xd	+0.4	11.29
North American	57.5	61.1xd	+0.1	2.82
Canadian Exempt*	63.0	66.6	.....	3.54
Canadian Trust	62.3	67.5	+0.6	2.65
Mid Mount High Inc.*	48.6	51.4	.....	9.38
Recovery	56.5	61.8xd	+0.5	6.97
Gilt Trust	45.3	47.5	+0.3	12.21

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	35.9	38.7	+0.3	0.96
Cres. Internat'l.	69.4	74.9	.....	2.34
Cres. High. Dist.	43.3	46.7	+0.4	10.43
Cres. Reserves	52.5	56.7	+0.6	5.29
Cres. Tokyo	23.6	25.5	.....	0.73

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.2xd	.....	12.04

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 24	228.4	243.5	.....	5.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	88.9	93.3xd	+1.0	4.70

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or −	Int.	Red.
91	82¾	Aust. 5½pc '81-82	90½	......	6.10	13.17
85¼	72½	Do. 6pc 1981-83	84¾	−¼	7.23	13.05
67¾	53	N.Z. 7½pc 1988-92	67½	......	11.11	13.15
82¾	72	Do. 7½pc '83-86	82¼	−¼	9.42	12.63
96¼	83	Sth. Africa 9½pc '79-81	94½xd	......	10.02	15.13
163	95	S. Rhod. 2½pc Non-Ass.	100	+3	—	22.91
169	135	Do. 6pc '78-81 N.-As.	148	+1	—	25.94

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
54	45	Hargreaves 20p	50	......	3.96	2.2	11.3	(4.8)
88	60	Harris (Ph.) 20p	79	......	5.5	1.6	9.9	(7.5)
46½	31	Harris & Sheldon	35½	−½	3.0	2.3	12.1	4.9
34	19	Hawkins & Tipson	23	......	‡1.0	3.2	‡	7.0
16¼	6½	Hawtin 5p	8¾	......	0.25	8.6	4.1	3.0
69	46	Hay (Norman) 10p	69xd	+1	‡3.35	1.7	‡	11.9
106	57	Heather 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Crmc.	93½	......	5.0	3.3	7.6	4.6
36	22	Hestair	30	+1	1.0	1.8	4.8	(11.2)
50	32	Hewitt (J.)	32	......	1.5	9.8	6.7	1.7
43	24	Highgate & Job 50p	27	......	—	—	—	—
65	45	Hill (Chas.) £1	55	+2	—	—	—	—
33	17	Hirst Mal'son 20p	18	......	‡2.6	1.4	‡	(3.5)
100	75	Holden (A.)	100	......	5.0	3.3	7.1	4.9
51	23	Hollis Bros	31	+1	1.4	1.4	6.4	(4.8)
88	70	Holt Lloyd Int. 10p	73	......	h3.17	2.5	6.3	7.4
182	118	Hoover 'A'	130	−2	‡12.0	0.9	‡	(2.7)
112	52	Hoskins & H 20p	54	+2	‡8.0	1.5	‡	3.9
80	54	Howard Tenens	67	......	2.28	2.8	4.9	12.4
377	230	Hunting Assoc.	360xd	+2½	5.0	6.8	2.0	9.3
131	60	Huntleigh 10p	128	+1	t1.5	2.8	1.8	30.1
129½	55½	Hutch Whamp $HK1	125	+4	MQ28c	2.6	1.9	20.2
25½	16	Hyman (I. & J.) 5p	16	......	1.25	3.6	11.2	3.5
£13⅝	845	I.C. Industries $1	£12⅞	......	Q$2.00	—	7.3	—
196	111	ICL	152	+2	†h2.97	7.4	2.8	5.2
32	24	Ingall Inds. 10p	32	......	2.27	♦	10.6	♦
202	107	Initial Services	202	+4	7.5	2.3	5.3	10.8
18	9	Inter-City 20p	11½	......	0.6	1.8	7.5	(8.8)
32	25	††Intervision 10p	29	......	—	—	—	—
57	39½	J. B. Holdings 10p	47	......	3.0	2.1	9.4	7.1
150	100	Jacksons Bourne	103	......	5.0	3.3	6.9	6.3
11½	4½	James (M.) Inds. 10p	10¼	......	0.75	3.9	10.5	2.8
268	108	Jardine M. $HK5	251	+1	tQ88c	1.9	3.0	19.1
29	16	Jentique	16	......	1.03	♦	9.2	♦
7	3	Johnson & Barnes	4	+½	—	—	—	—
183	135	Johnson Clnrs.	156	......	†6.2	3.8	5.7	5.0
284	102	Johnson Mthy. £1	233	+2	h7.5	2.8	4.6	(8.9)
72	39½	Jourdan (T.) 10p	68	......	4.2	0.6	8.8	26.4
83	63	Kalamazoo 10p	73xd	+1½	3.75	♦	7.3	♦
175	98	Kelsey Inds.	170	−5	t7.0	4.1	5.9	6.9
80	53	Kennedy Sm. 10p	80	......	3.5	3.4	6.2	5.7
362	225	Kershaw (A.) 5p	325	+5	h21.75	0.6	9.6	(9.7)
76	66	Kleen-E-Ze Hldgs.	73	......	5.5	3.1	10.8	3.4
82	63	L.C.P. Hlds	67	......	4.3	1.8	9.2	8.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
370	212	Gen. Accident	364	+8	†12.0	—	4.8	—
370	220	G.R.E.	362	+12	†13.5	—	5.4	—
322	112	Hambro Life 5p	322	+3	7.2	—	3.2	—
223	185	Heath (C.E.) 20p	205	+2	s9.66	2.2	6.7	8.8
140	83	Hogg Robinson	123	+1	5.7	2.2	6.7	9.6
114	94	Howden (A.) 10p	98	......	7.0	1.7	10.6	7.4
£47	£33	Do. Warrants	£36	+1	—	—	—	—
257	151	Legal & General	245	+1	†7.6	—	4.4	—
224	142	Lon. & Man. 5p	224	+2	†8.75	—	5.6	—
193	122	London United 20p	193	+3	9.0	2.3	6.7	9.4
£28⅞	£25	Marsh McLen'n $1	£26¼	......	Q$3.60	1.8	6.0	9.2
117	94	Minet Hldgs. 20p	99	+1	†4.47	2.0	6.4	9.6
32	20	Moran (Chris) 20p	24	......	4.0	1.2	23.8	5.0
468	268	Pearl 5p	468	+4	17.0	—	5.2	—
318	208	Phoenix	292	+2	†13.3	—	6.7	—
204	136	Provident	202	......	†10.2	—	7.4	—
268	162	Prudential	265	+3	†9.5	—	5.1	—
242	140	Refuge 5p	238	+2	†10.6	—	6.4	—
480	307	Royal	452	+9	†21.5	—	6.9	—
136	88	Sedgwick 10p	126	+2	5.0	2.3	5.7	11.1
97	67	Stenhouse	89	−1	4.52	2.3	7.3	8.0
242	168	Stewart Wr. 20p	215	......	12.0	2.0	8.0	(8.7)
808	520	Sun Alliance £1	794	+10	†28.0	—	5.1	—
250	130	Sun Life 5p	250	+2	N7.5	—	4.3	—
567	433	Taisho Mar. EDR	531	+3	gQ10%	—	0.2	—
215	155	Trade Indemnity	210	......	†5.6	—	3.8	—
£19½	£15¼	Travelers $2.50	£17	−¼	Q$2.48	—	6.5	—
275	207	Willis Faber	275	+3	†11.0	1.8	5.7	13.5

LEISURE

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
92	60	Anglia TV 'A'	92	......	†3.57	3.0	5.5	8.3
146	81	Assoc. Leisure 5p	144	+6	5.1	2.4	5.1	10.1
129	62	Barr & W.A.T. 'A'	62xd	+1	‡6.75	2.4	‡	3.4
63½	28	Black Edgtn. 50p	38	+1	‡d5.0	1.0	‡	(7.6)
136	86	Boosey & Hawkes	122	−1	5.67	1.8	6.6	(10.0)
90	45	Campari Int. 20p	57	+1	4.0	♦	10.0	♦
96	54	Coral Leis. 10p	89	−1	♦7.45	2.2	12.0	5.5
95½	62	Fairline Boats 10p	63½	......	g5.2	3.6	11.7	5.0
55	37	Glasgow Pavilion 10p	41	......	—	—	—	—
38	24	Grampian 'A' 10p	36xd	−½	2.28	1.7	8.6	9.6
120	90	HTV Non/Vtg.	110	......	10.0	2.2	13.0	5.3
50	35½	Hawley Leisure 5p	43	......	t1.6	5.7	5.3	7.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

FINANCE, LAND—Continued

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	21	Acmex 50c	30	......	—	—	—
28	12	ACM 20c	28	......	—	—	—
152	52½	Bond Corp.	140	......	Q7½c	♦	2.8
156	88	Bougainville I Kina	106	−4	[illegible]	1.0	12.6
*350	221	CRA 50c	330	−6	tQ15c	2.1	8.0
25	11½	Canada Northwest	17	......	—	—	—
42	8	Carr Boyd 20c	35	......	—	—	—
445	152½	Central Pacific	445	+30	—	—	—
41	17	Cultus Pacific N.L.	30	......	—	—	—
52	20	Eagle Corp. 10c	42	+2	—	—	—
29	15¼	Endeavour 20c	29	......	—	—	—
600	175	G. M. Kalgoorlie 25c	545	−5	Q13c	♦	1.2
46	15	Great Eastern	24	......	—	—	—
245	130	Hampton Areas 10p	235	......	h2.25	2.4	1.4
204	30	Haoma Gold N.L.	188	+6	—	—	—
62	15	Intl. Mining	57	......	—	—	—
370	11	Kitchener NL 25c	570	+42	—	—	—
720	80	Leichardt Expln.	130	......	—	—	—
30	7	Metals Energy	19	−1	—	—	—
91	41	Metals Ex. 50c	75	......	Q3c	♦	2.1
37	8½	Metramar Mns. 20cts	24	−2	—	—	—
284	150	M.I.M. Hldgs. 50c	256	−2	hQ27.6c	1.7	5.7
22	7	Minefields Expl. 25c	22	......	—	—	—
155	60	Mount Lyell 25c	110	......	Q15c	1.7	7.3
28	15	Newmetal 20c	23	+2	—	—	—
55	13	Nickelore N.L.	34	......	—	—	—
214	137	North B. Hill 50c	204	+1	Q18c	3.1	4.6
119	44½	Nth. Kalgurli	105	+1	—	—	—
165	90	Nth. Mining Corp.	140	......	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Copper

255	130	Messina R0.50	[illegible]	......	mQ10c	♦	2.3

Miscellaneous

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

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MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc.

[illegible]

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FINANCIAL TIMES
Tuesday October 28 1980

Brazil in talks on U.S. fund raising

BY FRANCIS GHILES

BRAZIL, THE developing country most heavily in debt to Western banks, is holding discussions with Citibank, a leading international bank, and Goldman Sachs, a U.S. investment bank, with a view to tapping the U.S. commercial paper market.

The borrower would be Petrobras, the country's state oil company, seeking an amount which would be initially small but could eventually rise to $300m (£123m).

The official Brazilian estimate is that the country's gross foreign debt will rise to $55bn by the end of this year: entering the U.S. commercial paper market, whose size is estimated to be about $110bn, would give Brazil access to a hitherto untapped source of funds.

Success would also make Brazil the first developing country to tap the U.S. commercial paper market, although Mexico's Nacional Financiera is also believed to be looking into the feasibility of U.S. commercial paper. The market is the pool through which U.S. corporations deposit and raise funds without direct recourse to banks.

Borrowers may tap the commercial paper market only for a maximum of 270 days but, by continually rolling over paper which matures and selling new instruments the borrower can effectively obtain funds for several years.

Such borrowers also have to arrange back-up lines of credit where banks, for a fee, stand ready to supply cash in the even that the new paper cannot be sold. This is what Citibank will do for Petrobraz, together with other banks which may participate.

The fees which the banks taking part in this operation will earn are not, as yet, disclosed but Mr. Gerard Finneran, who is responsible for Citibank's western hemisphere merchant banking activities, claimed yesterday that the borrower could expect to save at least half a percentage point compared with the cost of an equivalent syndicated Euroloan.

Rating

Citibank is also helping the borrower in another way: an essential precondition for any foreign borrower wishing to issue commercial paper in the U.S. is that it should be awarded a good rating by the two ledaing U.S. rating agencies, Moody's and Standard and Poor's. Brazil—or Petrobras—could not hope to achieve this will be rated on the basis of the today. So the Petrobas paper rating of those banks participating in the back-up operation, starting with Citicorp.

Brazilian borrowers have run into increasing difficulties when trying to raise syndicated loans in the international capital markets in recent months: the country still needs to find $2bn before the end of the year which will bring its total bank borrowing this year up to a projected $12bn.

Meanwhile, at least $900m worth of loans are being extended to Brazil by French banks and the government. Paribas is completing a $500m package, half of which comes in the form of an eight-year financial loan with four years grace which carries a margin of 1¼ per cent over London inter-bank rate. The balance is accounted for by credits backed by Coface, the French expert credit agency.

Societe Generale is arranging a $400m package, half of which is made up of Coface-backed credits, the other half of which consists of two equal-size financial credits.

The first of these runs for eight years with five years grace (freedom from repayments) and carries a margin of 1¼ per cent. The second runs for 12 years, with eight years grace, and carries a margin of 1⅜ per cent for the first six years rising to 1½ per cent.

Bonn experts see hope after downturn

BY JONATHAN CARR IN BONN

WEST GERMANY is likely to emerge from her economic downturn in the second half of next year, with a lower inflation rate, a smaller current account deficit and a strengthened Deutschemark.

In the meantime economic growth will slacken further and unemployment grow, says the autumn report yesterday by the country's five principal economic research institutes.

This picture strikingly resembles the one drawn a week ago by the Bonn Economics Ministry.

Both Government and independent experts are virtually at one in expecting a difficult half-year but no serious recession, culminating in further growth.

Key conditions are that there be "reasonable" settlements in this winter's wage bargaining and that no new Middle East crisis bring a sudden sharp rise in the oil price.

For this year the institutes expect average real growth in gros national product of 2 per cent, compared with 4.6 per cent last year and none in 1981. But their analysis makes a clear distinction between developments in the two halves of both years.

In the first half of this year the economy grew by 3.7 per cent in real terms, only to weaken markedly in the second half. Both developments were more pronounced than generally expected.

Next year, as the accompanying table shows, there is likely to be "minus growth" in real terms of 1 per cent in the first half, and real growth of 1.5 per cent in the second, thus leading strongly into 1982.

Despite the predicted upturn later next year, the institutes do not expect a renewed surge in inflation

THE INSTITUTES' FORECASTS

Percentages	1980	1981	1981 1st half	1981 2nd half
GNP (real terms)	+2	0	−1	+1.5
Consumer prices	+5	+4	+4	+3.5
Fixed asset investment (real terms)	+4	−2	−3.5	−1/
Net wages and salaries	+6	+4	+4	+4
Number employed	+0.5	−1	−1	−1
External component (Dm bn)*	0.5	8.5	2.5	5

* The balance of goods and services transactions with the rest of the world.

After a rise in consumer prices this year of 5 per cent, they expect next year's increase to average only 4 per cent, and to decline further.

An international comparison by the institutes indicates that next year West Germany's economic growth will be roughly the same as the average for the major Western industrialised countries (zero in real terms) with its inflation rate markedly lower than the average 9 per cent.

German exports, says the report, will grow next year by a nominal 4.5 per cent, while imports, initially stagnating because of the fall in domestic demand, will grow by only 2.5 per cent.

The upshot will be a larger visible trade surplus. This, combined with almost no growth in the deficit on services and transfer payments, will mean a Bonn current account deficit of about DM 20bn instead of close to DM 30bn this year.

All these factors together are likely to strengthen in nominal terms the Deutsche Mark, which will itself help to reduce the import bill in German currency terms and help hold back imported inflation.

So far this year the German currency has weakened against almost every major currency, by 7 per cent against the U.S. dollar, and by more than 15 per cent against sterling.

One shadow in this relatively encouraging picture is that the number of jobless will rise next year to an average 1.1m, an unemployment rate of 5 per cent compared with one 4 per cent this year. Again, the position is likely to improve from about mid-year.

The institutes recommend that the Bundesbank should gradually be able to relax its defence of the DHeutsche Mark rate, in view of the difference between German and foreign inflation rates, and orientate its polHicy more toward producing domestic economic growth.

They propose a growth in Central Bank money supply next year of 6.5 per cent, somewhat morethan the aim for this year, and a reduction in discount and Lombard rates.

They also strugly underlineH the need for the public sector to limit its borrowing requirement.

Kaunda alleges coup bid by SA

BY MICHAEL HOLMAN IN LUSAKA

THE ZAMBIAN defence forces have averted a South African-the Government, President backed attempt to overthrow Kenneth Kaunda claimed yesterday.

Dr. Kaunda, speaking in the grounds of State House, Lusaka, to an audience of diplomats, Ministers and journalists, provided the first official explanation of a series of incidents over the past fortnight.

These began with a shoot-out between soldiers and an armed gang on a farm south of the capital, followed by the imposition of a dusk-to-dawn curfew on the eve of last Friday's 16th anniversary of independence. On Independence Day police arrested at least a dozen prominent citizens and three military officers, who remain in custody.

Dr. Kaunda discussed alleged South African attempts in the past to "destabilise" his administration. In the latest effort, he said, South Africa had supported a group of "counter - revolutionary" Zambians who had employed a gang of armed men, recruited from Zaire's Shaba province, "to topple the Government."

An unknown number of armed men had avoided capture and were still at large in the country's key Central and Copperbelt provinces, he said.

The President would not name the men alleged to be involved because "it might prejudice court proceedings." But it was clear that he was linking the shoot-out with last Friday's arrests. Among the men held are Mr. Patrick Chisanga, a former Cabinet Secretary; Mr. Edward Shamwana, a prominent lawyer; Mr. Valentine Musakanya, a past Bank of Zambia Governor; and Mr. Elias Chipimo, a former High Commissioner in Britain.

The gang had planned to take over strategic installations on the night of October 16, including State House, the nearby Arakan barracks, the airport and radio and television stations, Dr. Kaunda said.

Zambian intelligence services had learnt of the plot and he had ordered the arrest of the ring-leaders.

Two nights before the proposed coup, the South Africans had "brought in boats and two big ferries to back the group which was going to attack"—presumably to enable coup supporters to cross the Zambesi River, which forms the border between south-west Zambia and the Caprivi Strip in Namibia.

Perhaps the most serious allegation, and one which could jeopardise the already strained relations between the Government and labour leaders, was Dr. Kaunda's suggestion that a series of strike threats by union leaders had been politically motivated and were possibly linked to the coup attempt.

EEC talks on 'steel war'

BY ALAN PIKE

THE British Steel Corporation is fighting to convince West German steelmakers that if they frustrate EEC efforts to impose mandatory production controls for nine months, they will be exposing the industry to far greater future Government regulation.

A meeting of EEC Foreign Ministers on Thursday will again consider the imposition of mandatory controls under Article 58 of the Treaty of Paris which the EEC Commission wants to introduce from the beginnig of November. Talks at the weekend proved inconclusive amid continuing West German reluctance to accept the new controls, which are the Commission's response to the "manifest crisis" of overproduction and collapsing price discipline in the European industry.

Mr. Ian MacGregor, BSC chairman, is convinced that temporary mandiatory controls are an essential first step towards restoring some stability in the industry. He is impressed with the firm stand taken by the British Government.

Mr. MacGregor remains determined that, if this week's talks do not produce agreement within the Community, BSC will retaliate against low-price West German steel imports to Britain by offering even cheaper steel to German customers. "We intend to keep our share of the market and fight for it," he said yesterday.

West German imports to Britain average 103,000 tonnes a month, compared with 60,000 tonnes last year. Imports of wire rod have doubled since last year and those of hot-rolled coil have risen by more than 50 per cent. BSC says prices are artificially low. It intends to hit back although that would make the European price disarray still worse.

Mr. MacGregor has expressed his awareness of the Germans' concern that, having established an efficient and competitive industry, they are now facing mandatory production controls. But he has warned them that, by blocking the controls and demolishing the already fragile price structure in the European industry, they risk provoking individual governments into far greater intervention.

BSC appointment, Page 8

Airport charges under attack

BY MICHAEL HONNE IN MONTREAL

RECENT UK increases in airport charges and plans by European air traffic control authorities to lift costs by 35 per cent next April were strongly criticised yesterday at the annual meeting of the International Air Transport Association.

Mr. Knut Hammarskjold, director general of IATA, attacked the increases in a supplementary address to his annual report.

Mr. Hammarskjold told the 103 member airlines of IATA, meeting in Montreal, that severe economic problems in the world's air transport industry were made worse by governments which used their monopoly "to force finance out of the carriers instead of using the banks like everybody else."

Increased landing and other fees at UK airports will cost the airlines an additional $100m (£41m) this year.

Planned rises in European air traffic control charges would bring the airlines' total air traffic control bill next year to $781m.

A group of 18 foreign airlines using Heathrow have filed a writ against the British Airports Authority alleging that the higher charges imposed last April are "excessive and illegal."

Despite higher user charges, "the airlines are not getting value for money out of the European air transport infrastructure," said Mr. Hammarskjold.

Government restrictions on air traffic movements in Europe caused unnecessary additional flying that cost more than $200m in extra fuel.

"Remember too that the price of fuel in Europe—by no means the worst example—averages $1.30 per U.S. gallon compared with only 90 cents in the U.S. If the European carriers could buy their fuel at this lower price they could save anothe $480m.

"Add up the potential savings that could be made if the European air transport environment were organised along U.S. lines and we are talking of at least $1.2bn—equivalent to 15 per cent of the cost of operating short-haul services in Europe today."

Mr. Hammarskjold was also highly critical of the situation on the North Atlantic route where airlines collectively were losing more than $800m a year.

Continued from Page 1

Prisons

appalled at the total lack of undnerstanding of the case by the Home Secretary. His commitment to confrontation distresses me enormously."

The Government has refused to take the claim for allowances to arbitration. The claim, which was turned down by the May Committee into the prison service last year, would cost £2m to £3m per year to meet, according to the Home Office, together with several millions in back pay.

Troops were last used in a labour dispute during the 1978 firemen's strike.

Stewards at BL urge strike

By Arthur Smith, Midlands Correspondent

BL CARS senior shop stewards will urge the company's 73,000 manual workers to strike to secure an improved pay offer.

Yesterday's five-hour meeting exposed deep divisions, and united shop floor action seems unlikely.

Union leaders acknowledge the weakness of their position, given the state of the new car market, the extensive short time at BL, and its need to persuade the Government to commit more funds to it.

BL insists that its 6.8 per cent offer, which compares with a 20 per cent claim, cannot be improved. The company expressed "faith in the work force" last night and again expressed optimism that the offer would be accepted.

The recommendation, decided at a meeting in Coventry yesterday, will be at all 32 car plants on Thursday.

It also insists that the higher wages due to be paid from Saturday will not be paid until the unions accept.

Senior shop stewards meet again on Monday following Thursday's mass meetings to decide whether to press ahead with militant action.

There is widespread anger at the company's response to the 20 per cent claim.

The main centre of unrest is Longbridge, Birmingham, where many of the 16,000 workers have adopted new work practices for the launch of the successful Metro model.

Longbridge stewards, with some support from Cowley, Oxford, urged a militant stance yesterday.

There are fears among the senior stewards that the Birmingham plant, which found itself isolated under the leadership of Mr. Derek Robinson, the Communist convenor dismissed by BL, might again fail to get backing across the company.

Thus BL may avoid a direct confrontation over pay. But the risk of shop-floor resentment and troubled industrial relations, particularly at the key Longbridge plant, will remain.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, said after yesterday's meeting that a widespread stoppage could not be ruled out, despite the critical stage reached in BL's recovery programme.

"Members will be advised that strike action is possibly the only way they can obtain a further increase," he said.

Motor Show, Page 7

Weather

UK

Cloudy with rain in places, especially on the western coast. North Britain will be brighter with occasional showers.

London, S.E. England, Midlands, Channel Islands
Cloudy with rain in laces and windy. Max. 16C (61F).

N. Wales, N.W. England, Lake District, N. Central England
Cloudy with rain in places and some fog. Max. 15C (59F).

S.W. England, S. Wales
Cloudy with some rain and fog. Strong coastal winds. Max. 15C (59F).

Isle of Man, N.E. England, Borders, S.W. Scotland, E. Scotland, N. Ireland
Cloudy with scattered showers and a few bright intervals. Max. 14C (57F).

Glasgow, Central Highlands, Moray, Argyll, N.E. Scotland, N.W. Scotland
Occasional showers, bright sunny intervals. Max. 12C (54F).

Orkney, Shetland
Cloudy with some showers.

Outlook: Sunny intervals with scattered showers

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	London	C	18	64
Alxdria.	S	33	91	Luxmbg.	Fg	9	48
Algiers	S	21	90	Luxor	S	37	99
Amsdm.	C	17	63	Madrid	F	20	68
Athens	C	19	66	Majorca	S	21	70
Barclna.	S	21	70	Malaga	F	20	68
Beirut	S	26	79	Malta	F	20	68
Belfast	C	13	55	Mchstr.	R	16	61
Belgrd.	C	8	46	Melbne.	R	13	55
Biarritz	F	26	79	Milan	S	14	57
Bmghm.	R	15	59	M'ntreal	F	−1	30
Blackp'l	R	13	55	Moscow	Sn	1	34
Bordx.	F	17	63	Munich	S	14	57
Boulgn.	C	16	61	Naples	S	19	66
Bristol	C	17	63	Nwcstl.	R	16	61
Brussels	C	16	61	N. York	S	6	68
Budpst	S	9	48	Nice	S	19	66
Cardiff	C	16	61	Nicosia	S	25	77
Casbca.	F	23	73	Nicosia	S	25	77
Cologne	C	15	59	Oporto	F	22	72
Cpnhgn.	R	7	45	Oslo	R	2	36
Corfu	F	24	75	Paris	C	15	59
Dublin	C	15	59	Perth	F	17	63
Dbrvnk.	S	23	73	Prague	C	8	46
Ednbgh.	C	14	57	Reykjvk.	C	2	36
Faro	F	21	70	Rhodes	C	23	73
Florence	S	18	64	Rome	S	21	70
Frankf't	C	12	54	Salzb'rg	S	13	55
Funchal	F	22	72	Stckhm.	C	2	36
Geneva	S	10	50	Strasb'g	C	14	57
Gibrltr.	F	20	68	Sydney	F	25	77
Glasgow	C	15	59	Tangier	F	26	79
Helsinki	S	1	34	Tel Aviv	S	26	79
H. Kong	C	22	72	Tenerife	S	20	68
Innsbrk.	S	12	54	Tokyo	S	19	66
Invrnss.	C	13	55	Tunis	F	19	66
I.o.Man	R	13	55	Valencia	F	14	57
Istanbul	F	20	68	Venice	S	15	59
Jersey	C	15	59	Vienna	S	11	52
L. Plms.	S	24	75	Warsaw	F	7	45
Lisbon	F	17	63	Zurich	S	11	52

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

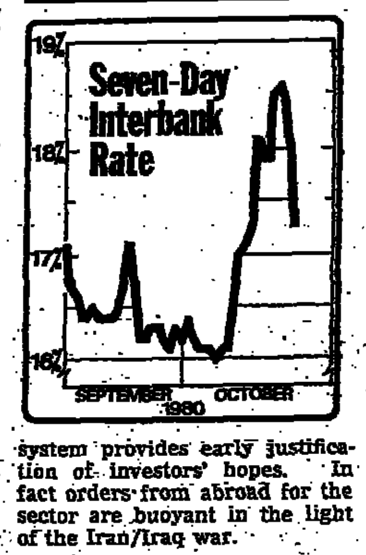
Bank opens the safety valve

A letter from the Bank of England warning of spot checks on reserve asset holdings was duly received yesterday morning by all banks and other financial institutions subject to reserve asset ratio control. The risk, apparently, is not that the Bank's officials will physically swoop without warning, but rather that in a more gentlemanly way the Bank will call for returns from time to time, other than on the third Wednesday of the month, the normal make-up day. The message did not lead to anything that could be described as a scramble for reserve assets, although there was enough activity in the money markets to suggest that some banks needed to polish up their ratio a little. Thus the rate on call money paid by the discount houses eased to around 15½ per cent.

Two factors, however, tended to offset the upward pressure on short rates which would otherwise have been produced by the Bank's reserve asset manoeuvre; in the interbank market overnight and seven-day rates eased back from the extreme levels seen last week, although there was no improvement for periods of a month or longer. The first helpful influence came from the appearance of an underlying surplus in the market—this promises to be an altogether easier week. The second factor was the Bank's decision on Friday to step in with assistance in the form of direct purchases of eligible bills from the discount houses, perhaps to the tune of £300m to £400m. This is the first time the Bank has taken this step for several years.

All of which could solve the immediate difficulties, without making it clear how the Bank can wriggle out of its underlying problems. The Bank is still rolling forward well over £1bn of gilt-edged sale-and-repurchase agreements with the banks, and it badly needs to unwind these in the next two months before the onset of the new tax paying season unleashes big new liquidity pressures on the money markets.

Index rose 0.6 to 496.1



Plessey

Part of the stock market strength of the electricals sector this year has been based on expectations of continued growth from defence. And in spite of the moratorium on new defence contracts in the UK, yesterday's confirmation of Plessey's £150m order for the Ptarmigan battlefield telephone system provides early justification of investors' hopes. In fact orders from abroad for the sector are buoyant in the light of the Iran/Iraq war.

Plessey itself will carry out about £80m of the work over the next four years, and profits should be running at about £2m a year, while further connected contracts seem bound to follow. The margin is modest, but a key element of the order is that it opens up the possibility of exports. Plessey has already located potential orders of £300m abroad and should be able to pick up work worth, say, £100m, over the next five years. This would inject additional profits of about £4m a year.

Longer-term the benefits will depend on Plessey's ability to compete abroad. While the French, Germans and Americans are developing their own systems, Plessey probably has current a technological lead of a couple of years. But it has not the strongest reputation as a marketing force nor the advantages of aggressive Government support which some of the competition will enjoy. At any rate, the share price eased 4p to 266p yesterday, the news being well discounted in advance.

U.S. newcomers

Exchange controls have been gone a year, but London has still not developed as the centre for raising foreign capital which some City enthusiasts had predicted. An abundance of exportable capital, a strong pound and a relatively sophisticated investment community have provided the right climate but action so far has centred on secondary listings: my major foreign companies and modest fund-raising exercises from fairly speculative energy ventures. A bold move by Vitatron, the Dutch company which obtained a London listing rather than tapping the Amsterdam market, turned a shade sour earlier this month when it reported a profits slump.

However, a new avenue is now being explored by brokers Rowe Rudd, sponsoring this week's offer to UK investors of a stake in American Communications Industries. ACI is a young, privately owned feature film company with an impressive track record. It has already raised project finance in the UK and, partly on the grounds of cost, preferred London to New York for its first equity issue.

Earlier this year, Rowe Rudd performed a similar service for ESI, a U.S. defence company, and another candidate is in the pipeline. With UK institutions investing heavily abroad there seems no reason why private U.S. companies should not dip their feet in the public water on this side of the Atlantic first. The Unlisted Securities Market, when it opens, will be an added attraction.

Demergers

The idea of large conglomerates splitting themselves up into separately quoted subgroups may be attractive in theory, but it seems that the practical problems are immense. A year ago, W. R. Grace in the U.S. announced it was considering the possibility of such a move, and a month or two later GEC let it be known that it was thinking along similar lines. Its interest in demergers led to a number of changes in the 1980 Finance Act, which were designed to reduce the tax obstacles to getting smaller.

But it now seems increasingly improbable that either group will go far down this road. In the UK, the Revenue has been concerned that demergers might be turned into a glorious tax dodge, and has not made all the concessions that GEC would like to see before taking such a major step. Another problem would be how to allocate finance amon gthe splinter groups: lines of attractively cheap debt in the case of Grace, and GEC's famous pile of cash.

Some of the drawbacks are not just technical. Grace has a big central staff in New York, and not all of its executives want to work for a smaller company. GEC is not an enormous business by the standards of some of its international competitors, and some of its subsidiaries apparently think they can do better by staying in the family.

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